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# ***CENTRAL EURASIA***



# FBIS Report: Central Eurasia

FBIS-USR-94-016

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### Zhirinovskiy Serbia Trip Viewed

944F0J09A Moscow SOVETSKAYA ROSSIYA  
in Russian 3 Feb 94 p 5

[Article by Yevgeniy Popov: "Anti-Zhirinovskiy Pill, Or the Art Of Empty Diplomatic Mumbling"]

[Text] The "Segodnya" television program showed Russian Minister of Foreign Affairs Kozyrev's press conference on the occasion of the arrival to Moscow of the cochairmen of the conference on Yugoslavia, Owen and Stoltenberg. In answer to the question as to whether Zhirinovskiy's shadow is hovering over the negotiations, Kozyrev joked in his usual manner: The Russian MFA [Ministry of Foreign Affairs], he said, proposes to announce a competition to invent an anti-Zhirinovskiy pill, since this is, he said, a medical rather than political matter.

Behind the attempts at lightheartedness, however, there was easily detectable irritation caused by the LDPR (Liberal Democratic Party of Russia) leader's trip to Yugoslavia, which reverberated widely around the world. Many thousands of people flocked to Zhirinovskiy's rallies in Beograd, Belica, Vukovar, and Podgorica. Serbs like people who are not at a loss for words and express their thoughts straight, without subterfuge, albeit in a paradoxical manner. Judging by the comments in the international press and Western radio programs, Zhirinovskiy was clearly at his best; he was especially successful in variations on the Pan-Slavic theme that is very popular here.

At the beginning of the 1980's, when I happened to work in Yugoslavia, I heard more than once from my interlocutors—and especially frequently in Serbia and Montenegro—the same popular expression on blood ties with Russians: "Mi smo jedna porodica ot Japana do Jadrana!" In Russian this means: "We are one family—from the Sea of Japan to the Sea of Adran"—this is what they call in Yugoslavia perhaps the bluest and warmest sea on our planet—the Adriatic Sea.

One may assume that the LDPR leader, too, heard (and most likely more than once) this folksy geopolitical formula in his travels through formerly splendid parts which now, alas, have become the arena of horrible endless bloodshed. By the way, increasingly more international analysts are coming to the conclusion that had the Soviet Union not disintegrated, the Socialist Federal Republic of Yugoslavia would have continued its prosperous existence, too, glorifying in Serbian and Croatian, Slovenian and Macedonian, Albanian and Hungarian, and many other languages the tightly knit family—"porodica."

Should we be surprised then that Zhirinovskiy, with his predilection for geopolitical issues, did not pass up the topic of "Japana and Jadrana" at Yugoslav rallies? According to a BBC radio commentary, the LDPR leader described his vision of a Pan-Slavic state from Vladivostok to Koin, the capital of the not-yet-recognized Serbika Krajina republic, causing a diplomatic demarche on the part of Croatia, which does not recognize this territory,

populated by Serbs since time immemorial, as an independent Serbian state. But the Krajina Serbs have their own opinion on the subject. As Milan Martić, recently elected president of Krajina, said: "We need Russia's help; we need Russia to say its word!"

Whether Kozyrev likes it or not, Zhirinovskiy was treated in Serbia, Montenegro, Bosnia and Hercegovina, and Serbika Krajina as a representative of Russia, who finally—for the first time in the past few years, since the beginning of the perestroika-reformist nightmare!—says exactly what the Great Brotherly Russia should have said! Let the West rail over Zhirinovskiy supporting the idea of Great Serbia, but what is there actually so seditious in it for a Serb, a Russian, or a Slav in general?

I can imagine the storm of elation Zhirinovskiy's words caused at a rally in the city of Belica: "Serbs can always count on Russia to protect them. Air strikes against Serbian positions would be tantamount to a declaration of war against Russia!"

One can only regret that these words were not said by the president of Russia! The Western mass media emphasize in connection with Zhirinovskiy's tour that his views do not reflect the position of the Russian MFA. Meanwhile, it would be more correct to put it this way: The current position of the Russian authorities does not reflect the will of the voters expressed in the elections of 12 December 1993.

Let us look, however, at how promising Kozyrev's idea regarding a competition to come up with an anti-Zhirinovskiy pill may turn out. One would assume that the ideal effect of this medication, in Kozyrev's mind, would be the phenomenon of that particular "refined diplomatic mumbling" which was identified and described in detail in his book "If in doubt, mumble!" ("The Bureaucrat's Handbook") by James Boren, a former U.S. Department of State functionary turned sociologist and political scientist. The hero of his tale is Probur (professional bureaucrat), a master of "decisive shelving" and "constructive red tape." The apotheosis of Probur's art is enthusiastic mumbling, which allows him "to use empty language forms to express great concern, deep thinking, and absolute competence."

It remains unknown whether it is with the aid of already secretly produced pills or simply by lucky inspiration, but refined diplomatic mumbling is already widely used in Kozyrev's MFA. At that same press conference after the negotiations with Owen and Stoltenberg, the Russian minister demonstrated empty mumbling of the highest international class. For instance, delivering a soliloquy that the "peace process in Yugoslavia is not dead; it will continue, and there is a chance to reinvigorate this process." Next, however, in discouragingly destructive dissonance to the above, came a cheerful journalistic commentary: "The meeting participants did not preclude the use of air strikes in Bosnia."

The Russian MFA is as usual obscuring the issue, trying to drown the substance of its position in obfuscation, widely using "yes" in which one keeps hearing "no," and "no" with an easily detectable "yes" in it... U.S. Secretary of



State Christopher, on the other hand, does not find it expedient to keep things close to his chest and says, for instance, absolutely straight that he approves the report of the UN Secretary General Butrus Butrus-Ghali since "it opens the way for potential use of military might."

What the very first manifestation of this military might may be was stated in the television report for "Segodnya" by the journalist Sergey Gryzunov: One of the first two targets for a NATO aircraft bombing raid is Tuzla, where, by the way, a battalion of Russian volunteers is fighting on the side of Bosnian Serbs, and thus, said the journalist, who has not yet mastered the art of empty diplomatic mumbling and therefore still calls things by their proper names, "a situation may develop whereby Americans will be bombing Russians."

The Russian MFA, meanwhile, is talking about an anti-Zhirinovskiy pill! Perhaps the LDPR leader should announce a counter-competition—for the best medicine against Proburs who disregard the national interests of the country they represent.

#### Meanwhile, Americans Rejoice

If Russia begins to conduct a policy that will return us to the period of the "cold war," this will inflict irreparable damage to the national security of the United States. This

thought was put forward on Tuesday by the (U.S.) President's National Security Adviser Anthony Lake in an interview to the CNN television company.

Commenting on the statement by LDPR leader V. Zhirinovskiy that a NATO air strike against Serbian positions in Bosnia and Herzegovina will be tantamount to a declaration of war against Russia, A. Lake said: "I think we should be glad that Zhirinovskiy is not speaking on behalf of the Russian government and does not participate in the formulation of Russia's foreign policy. Had it happened, we would now be arguing with Russia about who owns Alaska. Seriously speaking, our assessment of the parliamentary elections in Russia tells us that in voting for Zhirinovskiy the Russians voted against the economic situation in the country and not for nationalism. We should not, however, underestimate nationalist moods in Russia. Therefore our 'Partnership for Peace' initiative assumes not only expanding NATO membership by adding East European countries and the integration of Russia into a new unified Europe, but also provides the former communist countries with a security guarantee in the event of the potential ascension to power of a nationalist leader in Russia. We do not think that this will happen. We do not think that Zhirinovskiy speaks on behalf of the majority of Russians."

## Yeltsin's Tbilisi Visit Assessed

### Georgian Politicians View Visit

944K0699A Moscow OSHCHAYA GAZETA  
in Russian No 5, 4-10 Feb 94 p 2

[Report by Yelena Imedashvili: "Yeltsin Was Met in Tbilisi With Music"]

[Text]

Mikhail Ukleba: "Today's Realities Permit the Development of Good-Neighbor Relations..."

A president of Russia has for the first time visited an independent Georgia. "In the age-old history of Georgian-Russian relations this is a significant event," Eduard Shevardnadze declared. "Russian leaders came to Georgia earlier also, but they came as to a colony..." At the airport the head of the Russian state was greeted by an orchestra. But only the initiated know that for want of suitable musicians in Tbilisi, worn out by war and political strife, the presidential orchestra had been brought into the city several days prior to this.

"The Friendship, Good-Neighborliness, and Cooperation Treaty is a symbol of the new relations between Russia and Georgia"—this was how Mikhail Ukleba, deputy minister of foreign affairs of the Republic of Georgia, characterized the significance of the Russian president's visit in conversation with your OSHCHAYA GAZETA correspondent. "The Russian and Georgian delegations performed a great deal of work. There were five rounds of negotiations to prepare the documents, on the basis of which mutual relations between the two states will be built. Permanent political dialogue will enable us to develop good-neighbor relations, and in the future, possibly, allied relations at a new level. A great deal has to be done to restore the traditional economic relations. We are confronted with the task of a settlement of the conflicts in Abkhazia and the Tskhinvali region."

### Snap Poll for OSHCHAYA GAZETA of Leaders of Georgia's Political Parties

Georgiy Chanturia, chairman of the National Democratic Party of Georgia: "We take a positive view of the visit and see it as an opportunity for a settlement of relations between Russia and Georgia. How successful this proves will depend to a large extent on Mr. Yeltsin and what Russia wants to see in the shape of Georgia: an independent neighbor or a semi-colonial country. We understand by the rapprochement of the two states civilized mutual relations and we support such a policy. But we are categorically opposed to agreements that could be followed by a loss of Georgian statehood."

Vazha Adashia, chairman of the Merab Kostava Society: "We are for cooperation and a strengthening of contacts. But not such as Eduard Shevardnadze, the head of the Georgian state, proposes. We are opposed to enslaving agreements and opposed to his decision concerning Georgia's membership in the CIS."

Irakli Tsereteli, chairman of the National Independence Party: "Our party's attitude toward the visit is unequivocal: The head of a state which since 1921 has perpetrated against Georgia permanent aggression is coming to independent Georgia. Russian forces of occupation are still here. Yeltsin's visit will have bad results for Georgia, primarily because it is Shevardnadze, who is his 'assistant,' who will be meeting him."

Nodar Natadze, leader of the Popular Front of Georgia: "The visit is in itself a positive phenomena, but I have no great hopes that this might exert a positive influence on the situation in Abkhazia or South Ossetia."

Guram Mchaldze, leader of the Social Democratic Party of the Republic of Georgia: "We advocate the maximum rapprochement with Russia. We welcome any steps aimed at the establishment of good-neighbor relations. Had we moved toward a rapprochement with Russia earlier, Georgia would not be in the deplorable condition in which it finds itself today. As far as the signing of the Friendship and Cooperation Treaty between Georgia and Russia is concerned, we may say just one thing: better late than never."

### Pain Views Trip

944K0699B Moscow OSHCHAYA GAZETA  
in Russian No 5, 4-10 Feb 94 p 2

[Remarks by Emil Pain, Presidential Council member, recorded by Mari Silven: "The Political Climate Is Manifestly Inauspicious..."]

[Text] "The atmosphere for the visit is quite strange, and it is hard for me to select an analogy even. Yeltsin is going to a country whose public opinion considers Russia to blame for its biggest national defeat," Emil Pain, member of the Presidential Council, told your OSHCHAYA GAZETA correspondent on the eve of the visit. "The psychological atmosphere in Georgian society is anti-Russian Federation and anti-Russian. All parties have decisively protested Russia's policy. Were Russian-Georgian relations already 'full' interstate relations, the president would hardly be going to a country whose political climate is so manifestly inauspicious for an official visit. There is a great danger that there will be in such a situation, instead of interstate negotiations, simply a meeting of two people."

"There were for a long time many inhibitory factors, and the date of the visit had been postponed several times. It was primarily the state of war with Abkhazia which was getting in the way. Politically, the problem has yet to be resolved, but the hostilities have ceased, and this creates the minimum prerequisites for the visit. The second aspect is the position of the North Caucasus republics opposed to a rapprochement of Russia and Georgia. Since the October events relations between the president and the republics have changed quite radically compared with what they were like under the conditions of diarchy, which made the trip to Tbilisi possible. I assume that the Russian-American summit also exerted an influence to some extent. America is very concerned by Russia's position in relation to Georgia, and the question of a reconciliation

and of Russia's more benevolent attitude toward Georgia was, evidently, studied during the preparation for Clinton's visit and during his time in Moscow. Georgia had been seeking the conclusion of a treaty with Russia throughout the past year. Tbilisi had an interest primarily in the regulation and establishment of the borders of the Georgian state and recognition of its integrity. The signing of such a treaty would signify that Russia—officially, at least—is not an ally of Abkhazia. Hopes for some economic assistance are also linked with the treaty for, after all, the population of Georgia is receiving a blockade bread ration.

Russia's first geopolitical interest in such a treaty consists of the firmness of its borders. It is not at all a matter of indifference to us whom Chechnya borders and how friendly toward us the regime of the neighboring country is. The second: Russia aspires to support democratic regimes, and any subsequent regime in Georgia will be, from Russia's viewpoint, worse for it than the present one. And the third: a general regulation of mutual relations in the post-Soviet world.

#### Abkhazian Scores Visit

944X0699C Moscow OBSHCAYA GAZETA  
in Russian No 5, 4-10 Feb 94 p 2

[Report by Seyfali Akhundov: "Andrey Dzhergenia: 'The Visit Will Exacerbate the Antagonism...'" ]

[Text] Russian officials stated repeatedly that the signing of an interstate agreement between Georgia and Russia was possible only after a settlement of the Abkhaz-Georgian conflict. It would seem Moscow has changed its attitude toward this center of tension in the Caucasus.

The visit to Georgia by the president of Russia will exacerbate the situation along the line of opposition of the Abkhaz and Georgian forces. Despite the fact that combat operations have not been conducted for quite some time now, the signing of a Russian-Georgian treaty providing for military assistance to the Shevardnadze government will initiate a new twist of the spiral of the Abkhaz-Georgian conflict. This is what Andrey Dzhergenia, personal representative of the chairman of the Supreme Soviet of the Republic of Abkhazia, said on the eve of Yeltsin's visit to Tbilisi.

The events of recent years testify that, having obtained weapons from Russia, Georgia will abandon a peaceful solution to the conflict, Dzhergenia believes. This was the case in 1992, when, in accordance with the Tashkent Agreement, the Republic of Georgia was handed heavy weapons that had previously belonged to the Soviet Army, and the troops of the State Council entered Abkhaz territory shortly after. In an appeal of the Supreme Soviet of this self-proclaimed republic to the Russian Federation president, the chairman of the Council of Ministers, and the speakers of the Federation Council and the State Duma the Abkhaz side requested that the treaty not be signed. Otherwise Russia could no longer play the part of objective mediator in a settlement of the Abkhaz-Georgian conflict since it and a subject of the protracted dispute would hence

forward be bound by allied relations. Having signed the treaty, Abkhazia believes, the Russian leader will have deprived himself also of important levers of pressure on Tbilisi in a solution to the problems of South Ossetia.

The personal representative of the chairman of the Supreme Soviet of Abkhazia refrained from comment on the changes in Moscow's foreign policy course in the Caucasus, but acknowledged that a rapprochement of Russia and Georgia was fraught with the danger of an exacerbation of the situation in the region. The heads of the North Caucasus republics held a joint meeting on 31 January at which they condemned the position occupied by Russia in respect to Abkhazia and declared the need for retaliatory measures.

#### Issues Affecting Russian-Central Asian Relations Examined

##### Integration Prospects, Problems

944Q0161A Moscow MIROVAYA EKONOMIKA I  
MEZHDUNARODNYE OTNOSHENIYA in Russian  
No 12, Dec 93 (signed to press 29 Oct 93) pp 14-17

[Article by V. Nadein-Rayevskiy: "Russia and the Central Asian States: Chances of Integration"]

[Text] Tendencies toward integration and separation can be seen in Russia's relations with the new states of Central Asia. The former tendencies were submerged in the atmosphere of euphoria in the sovereign entities after the collapse of the USSR, but common interests have been having an increasingly strong impact since that time. Mutual interests in the spheres of economics, defense, security, and the protection of the external borders of the CIS have the greatest integrating potential. The factors contributing to separation include the view of national statehood as the extreme form of isolation, the search for new partners and "patrons" supposedly capable of solving internal problems in the new independent republics, and detachment from former "union relatives" in an attempt to maintain the authority of the old elite.

Enough has already been said about the economy as one of the major spheres of integration, and for this reason I will be discussing other uniting factors.

The first of these is the defense sphere. Russia certainly does not want its "soft underbelly" to turn into a zone of confrontations and local wars. The Russians are still not accustomed to seeing the strictly Russian borders as their own boundaries. They are still thinking in terms of the union. Furthermore, they are not the only ones: This is also true of much of the population of Central Asia and Kazakhstan. The presence of external dangers, particularly from Afghanistan and Iran, probably will be acknowledged in the near future.

Security issues have also required a reassessment. Russia does not have to guard against attacks by the traditional enemies of the Russian empire and the USSR. Its "central" location in Eurasia separates it from Europe by two buffer zones: the territory of the former republics of the USSR and the territory of the former socialist countries. These



zones are a more than adequate guarantee against any potential Western threat to Russia. This double safety zone is also completely adequate for Russia in the event of conventional warfare. The USSR's longtime adversary—the United States—is dangerous only in the event of a global conflict, which seems virtually impossible at this time, particularly in view of the signed nuclear arms reduction treaties.

Russia's longest border is with China, and China can certainly be seen as a potential threat in some respects. The Chinese leadership once tried to lay claim to 1.54 million square kilometers of Soviet territory that is now part of Russia and Kazakhstan, but no demands of this kind have been made in recent years. China was given several hundred islands on the Amur River after successful negotiations to settle these disputes. There are no problems on the Russian-Korean and Russian-Mongolian borders, and Norway and Finland have not made any official territorial claims either.

The potential threat could come from our former associates in the empire, particularly if extremist, nationalist, or religious-nationalist groups should rise to a position of power there, especially now that some representatives of social movements in the Central Asian states have already made territorial claims on Russia. This is why Russia has an interest in preserving the stability of moderate political regimes that can maintain smooth interstate relations and encourage integration processes within the CIS framework.

In view of current objective circumstances, Russia should not be the only one concerned about the security of external borders. The Central Asian states have an equal interest in this matter. Completely obvious sources of potential danger exist on their southern borders. Above all, they include Iran, which has exported revolution in the past, although the people of Iran are no longer inclined to give all of the expansionist ambitions of their leadership unconditional support. They also include Afghanistan, which is in the midst of a civil war that is gradually acquiring the features of an inter-ethnic and inter-religious conflict. Tajiks and Uzbeks live on both sides of the border of the former USSR, and there are several million of them in Afghanistan. Ahmad-shah Masoud, the acknowledged leader of the Afghan Dari (Tajiks), has effectively set up his own state in the north of Afghanistan, while the unified state in Tajikistan is still only in the formative stage. The possibility of expansionist ambitions on the part of some leaders of ethnic communities in Afghanistan cannot be excluded. Although Tajikistan is far away from Russia and does not have any common borders with it, Russian military units were nevertheless drawn into the internal conflict there during the civil war in that republic. Furthermore, the destabilization of Tajikistan could disrupt the balance of power in the whole region and jeopardize Russia's economic and political interests.

The situation in Turkmenistan, with its clearly defined populist policy line, is more stable. The republic leadership, headed by "Turkmen-bashi" ("Turkmen leader") Saparmurad Niyazov, has a good chance of maintaining economic and, consequently, social stability because of the

republic's large supplies of natural gas. In turn, social stability probably will allow the authoritarian regime to retain strict control over all other spheres of life in the state for a fairly long time.

The regime in Uzbekistan is more or less stable. President Islam Karimov has provided hundreds of thousands of families with land and low-income strata with stronger social guarantees, which has allowed him to take a hard line in relations with the opposition without any fear of mass demonstrations in support of the opposition. When I. Karimov says: "Our people are not ready for democracy," he is probably right in many respects, although this position cannot appeal to the Russian leadership.

There is a regrettable tendency toward the ideologization of interstate relations in Russian foreign policy. Their development occasionally depends on feelings of sympathy or antipathy for a particular regime, political order, or political figure. I feel that this tendency could endanger Russia's national interests, which consist primarily in the maintenance of stability on its borders and in the region as a whole.

Complex problems in Russia's relations with the Central Asian states are connected with the Russian and Russian-speaking population in the region. Kazakhstan has the largest Russian community—6.2 million people. There were 1.6 million Russians living in Uzbekistan in 1989 (now the number is lower), and there were more than 900,000 in Kirghizia, over 300,000 in Turkmenia, and approximately the same number in Tajikistan. This factor could contribute to integration and separation in Russia's relations with the countries of the region.

Before the revolution the Russian population lived mainly in the cities serving as administrative centers of the empire and reached a high level of assimilation there. The level of integration was much lower for the new settlers of the Soviet period. In addition to the construction workers and skilled laborers who moved there during the period of industrialization, there were also former convicts, who were forbidden to live in Russia's big cities, and people with no definite social status. The behavior and lifestyle of these last two groups did not contribute to friendly relations between the Russians and the native population and strengthened tendencies toward separation.

On the other hand, Russians play the key role in industrial production in the region, and their departure will lead unavoidably to a recession in industry and even to the closure of enterprises. The leaders of the Central Asian republics are trying to stop, or at least stem, the process of emigration, while nationalist movements are doing the opposite—encouraging it in every way possible. Unfortunately, the activities of the latter have been much more effective, because governments operate on the macrolevel while nationalists can influence individuals. Threatening letters and telephone calls, physical assaults, property damage, and other such actions have a greater impact than official assurances of commitment to human rights and liberties.

The emigrants from the Central Asian region in Russia are more likely to play a separating role. Millions of refugees could change public opinion in Russia dramatically, directing it into the channels of negative feelings about the CIS. Developments of this type, which are already apparent in several regions, include the anti-Armenian demonstrations in Stavropol and the anti-Caucasus feelings in large Russian cities (although they are of a different nature). More and more people are beginning to feel that Russia should "withdraw" from Central Asia and the Caucasus.

Under certain circumstances the "Turkish factor" could become one of the external obstacles to Russia's integration with the Central Asian states. When the new states of Central Asia were choosing a development option, they turned to the Turkish model first. This model, however, has certain distinctive features preventing its use in its entirety and with the same degree of effectiveness as in Turkey. First of all, the Turkish economy was not as centralized and monopolized as the economies of the Central Asian states when the changes started there in the early 1980s. In the second place, the Turks did not go through an era of socialism and were not infected by its mentality. After all, the Soviet people are convinced that someone is obligated to help them: the state, "foreign countries," or their "big Russian brother," and they are less likely to rely on themselves. Of course, new attitudes have emerged in the region recently. The Turkophile euphoria of late 1991 and the first half of 1992, which was based on the anticipation of immediate miracles, is beginning to give way to a more realistic approach, with consideration for historical traditions, established ties, and so forth. The lack of offers of generous financial aid, and the fact that the "language common to all Turks" turned out to be a myth, apparently played a role in this process. The languages of the Turkic peoples are quite different from Turkish. Furthermore, the prospect of integration with Russia and other republics of the former USSR turned out to be much stronger than Turkey expected. Finally, the possibilities of trade between Central Asian republics and Turkey are limited. Turkey does not need agricultural products, and Central Asian energy resources are still inaccessible to Turkey because of the great distances, the absence of a transport infrastructure, and the high cost of establishing one. The high level of Europeanization in the Central Asian republics could also play a role in the future. In comparison with Turkey as a whole, rather than with Ankara, Izmir, or Istanbul, the level of Europeanization is higher in the former Soviet republics. This is likely to discourage the "Turkish" view of the world, based on the supposed superiority of the Turks to other people. The efforts to strengthen the Turkish influence in the Central Asian republics have distinct pan-Turkic features. The mass media were open to propaganda of the pan-Turkic ideas of "Turkic unity" and the creation of "Great Turan" ("Great Turkey," "Great Turkestan," etc.). The traditional anti-Russian aims of the pan-Turkic movement will work against the process of Russia's integration with Central Asia.

Some of the internal Russian factors complicating Russia's integration with the Central Asian states within the CIS framework are purely psychological, but they can take the form of actual policy. Above all, these include the nationalist attitudes in Russia itself, which are frequently directed against "foreigners." The collapse of the USSR contributed to the growth of these attitudes. There is also the fear, engendered by these attitudes, that Muslim Turks will eventually constitute the majority in the "integrated" Commonwealth. These fears were present even in the Brezhnev years and are nothing new, but they have not promoted isolationist attitudes until now. Overcoming them in a short time would be difficult, especially when everyday life is more likely to strengthen them.

Therefore, we still are not completely cognizant of the importance of the Central Asian region in Russian foreign policy. We still have not completely recognized the economic interests dictating the need for closer cooperation with the countries of Central Asia. The actual intensification of integration processes within the CIS will depend largely on the development of Russia itself, on the success or failure of its reforms.

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#### Factors Impeding Integration

944Q0161B Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 12, Dec 93 (signed to press 29 Oct 93) pp 17-20

[Article by V. Babak: "Problems in Russian-Central Asian Integration"]

[Text] It is probably too early to discern any specific and lasting characteristics of the new Russia's relations with the independent states of Central Asia. These relations are still being established, and they are being influenced by many different factors.

Relations between Russia and its neighbors in the southeast never had a "horizontal" structure. In other words, they were never equal, and this includes all seven decades of the Soviet era. The structure was always clearly "vertical." Certain stereotypes in approaches to these relations still exist in Moscow and in the capitals of the new states. Some Russian officials are inclined to view the former Central Asian republics as second-rate states and to believe that relations with them are of much less importance than relations with Ukraine, Belarus, and the republics of the Transcaucasus, not to mention the "distant foreign countries."

This obvious underestimation of the new states by Russian officials has been due and is still due to two main factors. The first is the legacy of the past, when these republics were seen by the former center not only as entities that were less developed in the economic and technological sense and in other respects, but also as less significant entities, bound by their subordinate position to "swallow" anything Moscow offered them. The continued underestimation of the new states by the present Russian leadership



is particularly apparent in the incomprehensible indifference with which Moscow reacted to the tragedy in Tajikistan, as if all of this were happening not in one of the former union republics, but in Sri Lanka, Colombia, or some other country where events would not and could not affect Russia in the least.

In the second place, this underestimation of the states of the region stems from the exaggerated view of the role of the United States and the Western powers in Russia's future. This view of the West's exceptional role in the fate of today's Russian Federation sometimes leaves no time or place for the necessary consideration of other states in the contemporary world, including the "former relatives" from the so-called nearby foreign countries.

It is probable that people in Alma-Ata and in other capitals of the new states southeast of Moscow are aware of this lack of Russian consideration and are drawing their own conclusions from this. In this context, it is interesting to recall that the leaders of Kazakhstan and the Central Asian states met in Ashgabat for their own conference just a few days after the leaders of Russia, Ukraine, and Belarus met in Belovizh Woods. There is some indication that President N. Nazarbayev of Kazakhstan made a great effort at that meeting to persuade his colleagues from neighboring countries to "overlook" Moscow's obviously tactless behavior and to consent to participation in the new commonwealth of the former Soviet republics. After all, at that time there was still a strong possibility that a "Slavic" CIS-I and a "Turkic-Islamic" CIS-II would rise from the ruins of the USSR.

The declaration of the CIS would seem to have created real opportunities for genuinely equitable relations between Russia and these countries, based on the total and actual sovereignty of each state, but the existence of these opportunities did not necessarily mean that these relations would be established in the near future. The nature of these relations would also be influenced considerably by the fact that the Central Asian states would be incapable of living as truly autonomous entities for a long time.\* (Footnote: A study of the viability of the former Soviet republics as independent states by experts from Deutsche Bank, based on an analysis of 12 major economic, social, and geopolitical parameters, is interesting in this context. Each parameter was graded on a scale of 10, and the maximum number of points was therefore 120. According to this method, the most viable of the countries of the region was Kazakhstan, which was given only 55 points. The scores of the other republics were even lower: 32 for Uzbekistan, 27 for Turkmenistan, 24 for Kyrgyzstan, and 18 for Tajikistan.) After all, the sovereignization of the former Soviet republics was not a sudden and immediate act, culminating in the declaration of independence, but a fairly long and complex process of transition, including, in particular, a transition from one set of relations with Moscow to another set based on absolutely different principles. The main distinctive feature of this transition period is the need for the simultaneous resolution of a large group of problems connected with the establishment of independence.

Genuine independence requires certain economic, political, and other prerequisites. In particular, it requires an economy capable of supplying the population of these republics with at least the minimum needed for survival, either by means of domestic production or by means of trade with other states. Unfortunately, the legacy most of the Central Asian states received from the earlier regime is of no help at all in the satisfactory attainment of this goal. On the economic level, republics like Tajikistan and Kyrgyzstan are insolvent and have to depend to a considerable extent on financial support from other states, primarily Russia. As for Kazakhstan and Turkmenistan, the presence of a variety of commercial minerals (in Kazakhstan) or of large deposits of energy resources, primarily gas and oil (in Turkmenistan), makes their hope of economic independence more realistic. The situation with regard to Uzbekistan, which also has a variety of natural resources, is approximately the same.

Russia and its Central Asian partners in the former union are victims of the earlier centralized system of economic management. It inflicted much more damage, however, on the republics of Central Asia and Kazakhstan. Their economies are almost colonial. This has made the new states in the region extremely dependent on the economic ties that were forged in the Soviet (and in some cases, pre-Soviet) era, especially with Russia. Their excessive and clearly asymmetrical economic dependence on Russia is influencing bilateral relations with Moscow, distorting ties, precluding a truly equitable association, and contributing to the preservation of the earlier relationship between the center and the periphery.

Meanwhile, Moscow's inability, for several reasons, to give the states of Central Asia the necessary assistance and its apparent economic insolvency as an effective benefactor have promoted processes of alienation from Moscow and a search for solutions to the present economic crisis in plans for the integration of the states of the region and/or their redirection—primarily toward Turkey, Iran, Pakistan, and other countries.

Obviously, possibilities for the economic integration of the Central Asian states are extremely limited. The economies of these republics are more likely to duplicate than to supplement one another. Without outside assistance, it will be extremely difficult for them to emerge from their present state of crisis. It appears that N. Nazarbayev's persistent appeals for a new federation or confederation of former Soviet republics in any form, even an extremely abbreviated one, but with the necessary participation of Russia, are based on a profound awareness of present realities and on the recognition of the fact that without Russia's help, they are more likely to be doomed to a vegetative existence like Afghanistan's than to develop according to the Turkish model. If, however, the CIS continues to exist in its present nebulous form, sooner or later the states of the region are certain to establish their own confederation.

After achieving their independence, the states of Central Asia had to face the need to safeguard their own security.



Turkmenistan alone has a border of almost 2,400 kilometers with Iran and Afghanistan and cannot defend it effectively without help. Tajikistan is clearly helpless against the danger of invasion by various gangs from neighboring troubled Afghanistan, and its security can only be guaranteed by collective efforts. Kazakhstan, the largest and strongest of these states, has a long border with China, and people in Alma-Ata must remember the earlier Chinese claims to part of Kazakhstan's territory. All of these circumstances dictate the need for a system of collective security in the region, preferably with the inclusion of Russia's military strength. It is not surprising that the CIS treaty on collective security was signed by all of the states in the region (with the exception of Tajikistan, which was unable to take part in the conference because of internal political difficulties) in May 1992 in Tashkent.

In any event, security appears to be the sphere that could unite Kazakhstan and the Central Asian states in some kind of military-political alliance. The signatories to the treaty on collective security might include neighboring states as well as CIS countries: Turkey, Iraq, and Pakistan, as well as the PRC and some others. Even the temporary presence of strategic nuclear forces in Kazakhstan would enhance the role of all of the Central Asian states in the regional system of collective security.

The consolidation of the democratic government in Moscow could be a factor contributing to regional integration. Democratic and fundamentalist ideas seem equally dangerous to people in the Central Asian capitals. The

members of the earlier communist elite who have a strong foothold here simply want to update the facade of government without losing their dominant position. In response to the inevitable advancement of democratic forces, which are most likely to have the sympathy and support of Moscow, the leaders of the states in the region might launch collective efforts to defend their own pro-communist orders (Kyrgyzstan might be the only exception, but it does not define the policy line in the region).

As far as the future patterns of integration by the Central Asian states are concerned, the specific forms of unification probably will be influenced less by their relations with Russia than by their relations with each other. The existing conflicts and differences between the states of the region suggest that most of their leaders will not be inclined to agree to a federation, which would subordinate their own interests to the interests of the group. Furthermore, a federation of Central Asian states would be dominated by Kazakhstan and Uzbekistan, which is unlikely to appeal to the other members. This is why an association based on a confederacy seems to be the most preferable form of integration for the majority of these states at this time, because it would allow them to coordinate their efforts for the resolution of common problems while preserving the effective independence of all of their leaders.

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## POLITICAL AFFAIRS

### Khmara Gives Election Platform

L'vov ZA VILNU UKRAYINU in Ukrainian 27 Jan 94  
p 2

[Statement by Stepan Khmara, head of the UKRP and a people's deputy: "For a Strong, Independent State and a Righteous Regime"]

[Text] On 18 January a conference of the labor collective at the L'vov Color Television Plant (RYASNE) nominated Stepan Khmara, head of the UKRP [Ukrainian Conservative Republican Party], as a candidate for the office of people's deputy from the Zallan'chuy Election District No 261 in the city of L'vov.

He states as his goal a strong, independent Ukrainian state and a righteous regime.

Inability to bring order into the economy and the state, to safeguard it in the society, and to guarantee the legal protection of citizens and economic entities, mass corruption of the state structures, the venality, impotence, and incapacity of the highest state officials to protect and defend Ukraine's national interests—all these factors have become the cause of the all-encompassing crisis in our society. They also constitute a threat to its destabilization as well as the principal obstacle on the path of building an independent, united Ukrainian state.

Catastrophe can be averted provided that we make a fundamental change in the government. New persons must take over the direction of our state—persons who will carry out a policy based on new principles: The Ukrainian national idea must become the optimal need for Ukraine, for its present-day and future ideology as a state policy. The bearers of such a policy must be patriots, fanatically devoted to Ukraine and its people. They must be prepared to make self-sacrifices in the name of this great and noble idea—for the good of our Fatherland. They must be heroes who are capable of carrying out this noble mission. And there are such high-caliber, professionally competent Ukrainian patriots in Ukraine. It is only when such persons with strong willpower take over the leadership of this state that we will be able to count on a clean-up of the power structures from the botched efforts of elements characterized by a lack of talent, responsibility, or even decency. These people must be replaced by persons with an innate sense of order, Ukrainian patriotism, and professionalism. What is at issue here is the specific mechanism for solving the principal political problem—the problem of governmental power.

In the situation which has evolved nowadays in Ukraine, it must be noted that we should form a standard, competent government—one which would be able to create the conditions for overcoming the crisis and to guarantee the security of the state; such a government would also clear away a path to a suitable place for Ukraine in the world. But to do this merely by the parliamentary path through elections has already become impossible for the following reasons:

- the optimal time for elections has already been lost;
  - at a time of such a profound economic and social crisis, chaos, and anarchy it is difficult to hope for an objective choice by our citizens;
  - the criminalization of various branches and levels of the government and the economy affords us grounds for asserting that our state is being led by organized criminals—persons who would certainly have a decisive influence on the preparation and results of elections;
  - an incorrect sequence in the elections would not help to create better conditions for conducting them. It would be more feasible to carry out elections and a reform of the representative and executive organs of local power while simultaneously conducting a referendum on the matter of confidence or no confidence in the president;
  - the usurpation of such important mass media as radio and television by the president and his team—along with the spreading of disinformation—has been instrumental in forming a distorted public opinion. Masked anti-Ukrainian propaganda has reached unsafe levels for the Ukrainian nation and state;
  - an endeavor is being made to fill out Ukraine's political spectrum with powerful, mafia-type groups camouflaged as political parties. Such groups have very large finances at their disposal, and they have real power;
  - the ruinous activity of the president and the government—directed at intensively plundering our national resources by various domestic and foreign mafia-type groups—has become so dangerous that it threatens Ukraine with the loss of state sovereignty, and it requires that urgent measures be taken for the purpose of removing the president and the government from power and holding them responsible for crimes committed against Ukraine.
- Unless this is done in the very near future, events will develop to Ukraine's disadvantage. Such events could take the following variant courses:
- the dictatorship of the mafia-type groups could finally come about under the guise of the presidential power structures;
  - further aggravation of living conditions could provoke a social outburst—one which could take the form of a spontaneous, uncontrolled revolt with multi-variant, extremely negative consequences.

Recent events have been nudging us toward changing the government by the revolutionary path. If we fail to take advantage of this moment, we will lose a great and very propitious chance to give rebirth to the Ukrainian state. And we are sure that such an opportunity will not be repeated, for the Ukrainian nation has become too weakened, and its foes will do everything in their power to make sure that this state will be finished after this failure.

The complete surrender of our nuclear weapons in compliance with the demands made by Russian and American imperialism constitutes a capitulation and abandonment

of our state independence without any opposition or even objection. Without its nuclear weapons Ukraine will lack that restraining factor which is now our sole guarantee of national security. The imperialist predators will not have to take a non-nuclear Ukraine into consideration, and they will be able to act as they please, without taking Ukraine's national interests into account at all. At that time nothing will stop them any longer from applying any measures they choose—including the skillful introduction of internal instability—for the purpose of dismembering Ukraine and forever assigning to it the status of a colony without any rights.

Nor was the time for Ukraine's unilateral and complete disarmament chosen merely by chance. It was a time when the primary attention of political groups was keyed to the elections, and—on the other hand—the people were brought to the extremes of exhaustion by the artificially created, intolerable social conditions. The criminal clique of the anti-state, mafia-type nomenklatura resorted to a terrible state crime in order to preserve its own social domination, relying on the support of Russian and American imperialism—which acts in a coordinated collusion against Ukraine. There can be nothing more degrading for the Ukrainian nation than what Kravchuk did on 12 and 14 January.

Therefore, this culminating moment cannot be allowed to pass. Kravchuk and his henchmen must be removed from power and punished. There are certainly legal grounds for this. In the first place, he acted in contradiction to the decisions.

In the second place, the mood in the society is not on his side.

In the third place, while Russia is still in a weakened condition, it will not be able to mount sufficient opposition should Ukraine not wish to kneel down before it.

In the fourth place, Ukraine's resistance to the imperialist desires will evoke a renewal of anti-imperialist opposition in other regions of the former USSR.

In the fifth place, attempts to blockade Ukraine will not find support in the world as a whole.

As to nuclear weapons, Ukraine is capable of maintaining them in a safe technical condition, and—within a rather brief interval of time and with a relatively modest expenditure of money—to develop them and take them under complete control and administer them by its own national means. Standing in the way of this is the highest state-political leadership, which is creating very great problems—and not only in the sphere of nuclear weapons. It is consciously sabotaging the process of creating a Ukrainian state.

The task of the national-patriotic forces is to direct the revolutionary process into the channel common to

The revolution could take place in an instant if the central government were to be replaced, or it could be done gradually—by way of replacing the regional governments and thus constricting the area controlled by the central, mafia-type regime and increasing the pressure on it until the latter is finally removed.

The central leadership of the UKRP is prepared to propose a personnel makeup for a Committee of National Assistance (KNP), which could subsequently form a complete government.

The UKRP is categorically opposed to the proposed candidacy of Lanovoy for the post of head of government inasmuch as this could bring about unjustifiable losses to Ukraine's national interests.

On the overall state scale the UKRP advocates the resignation of the president and the government and their being held responsible for committing crimes against Ukraine. It is also in favor of eliminating the presidential power structures.

As to the situation in the Lvov region, the UKRP considers that the principal cause of the crisis-type situation here is the oblast leadership. Objective conditions in the Lvov region are favorable for this area to become a model for all Ukraine in the state-creating process, but the oblast's talentless and disorderly leaders are blocking this. Therefore, the UKRP must initiate organizational and activist measures for the purpose of removing from power—first of all—the following persons: Shpiher, the mayor of Lvov; Davymukha, the president's representative in this oblast; Horyn, the head of the Oblast Council; and Kotyk, the oblast-level procurator.

The UKRP will actively participate in the election campaign, but without restricting its struggle to existing conditions. On the contrary, it intends to actively influence the formulation of sociopolitical thought in the direction needed by Ukraine.

The UKRP will actively support not only candidates from its own organization, but also others, assessing each one as to how they measure up to the following criteria: a love of order, Ukrainian patriotism, and professionalism—first of all, political—and evidence of the quality of willpower.

The UKRP will vigorously oppose candidates from the pro-communist and pro-imperialist organizations, as well as puppets of the mafia-type groups.

As an organization of active, rather than paper-type, Ukrainian nationalists, the UKRP will evaluate candidates—first of all—by their deeds.

#### **Beneffits Seen in Giving Up Crimea**

**914K033A Kiev MOLOD UKRAYINY in Ukrainian**  
11 Jan 94 p 2

[Article by S. Sydoruk, Engineer, Kiev]

[Text]



colors can be used to display the geographical disposition of various nationalities. But we lack one map! One that would depict the economic balance sheet of the various areas of Ukraine, i.e., which areas are operating at a profit and which are a drain on the Ukrainian economy. The Crimean peninsula clearly falls into the latter category.

## 2. A Cause of Discontent

It is only natural that for a person who is conscious of being a Ukrainian the Crimean question does not exist. What exists is the universally accepted principle of inviolability of borders. But the peculiar nature of our northern neighbor does not allow her to concentrate on her own problems and decrepitude, which she regards as trivial, but to fixate with maniacal persistence on Sevastopol, "The City of Russian Glory!" But this is just one of a number of fixations. For example, what about Port Arthur? St. Outthard ("The Zenith of Russian Power") and, finally, Austerlitz ("the village of Russian humiliation")?

To get things in perspective let us briefly recapitulate some facts on Crimea without recourse to boring statistics.

Crimea is a former Soviet health resort with tremendous recreational resources, numerous sanatoria and state-owned dachas for which the major and minor members of the Moscow nomenklatura have developed such a strong sense of longing. Nevertheless the largely deplorable service—by international standards, of course—which could satisfy only a Soviet lick, and the huge investments that would be required for upkeep and improvements.

Agriculture in Crimea has some promise, provided enough water is supplied by the Dniester, despite having been ruined by the collective farm mentality that still pervades all of the post-communist territories. Its enough to mention the recent destruction of unique vineyards there because of the predominant culture of insobriation to give a feeling of what we mean.

Retirees are valued for a higher percentage of the Crimean population than elsewhere in the former USSR, reaching 61 percent in Sevastopol alone.

And, finally, Crimea has the Tatar Question and one of the most popular fleets in the world, existing solely for the purpose of lining the pockets of corrupt admirals and businessmen.

## 3. The Russian Fleet

For many years the Black Sea Fleet served as "powerful protector of the peaceful Soviet people against the treacherous intrusions of world imperialism" at the southern frontiers of the former superstate. It allegedly served a similar function in the Mediterranean Sea and in the Atlantic Ocean—wherever world imperialism posed a threat. The fact that Turkey and NATO could block the Bosphorus and the Dardanelles and bottle up the fleet went unmentioned. After all, the coddled sons of highly-placed bureaucrats and admirals couldn't risk their delicate organisms in the Arctic Ocean or the northern reaches of the Pacific, but still they had to mark time somewhere.

to protect was the status quo with all of its perks, economic benefits, advantages and rich rewards. The orphan fleet was left with two fathers who compete for the "right" to take care of it just to look good, while not assuming any serious responsibilities. All the Yeltsin, Mamukhina, St. Andrew's standards and Russian vouchers will change nothing. The fleet will age, turn to rust, disintegrate and the sailors will go home. The officers will make out somehow with other occupations and, besides, Russia still has many fleets with job openings.

## 4. Nothing New Under the Sun

Having shed a tear for the sad fate of the Black Sea Fleet, let's look at some appropriate precedents as English jurists are wont to do.

After Salazar's death the first thing the Portuguese parliament did was get rid of their colonial burden to stop Portugal's financial emanguination. Mozambique and Angola were set free to swim or sink.

Another example. Puerto Rico has been an outrageous territory of the US since 1917 and its politicians have tried on numerous occasions to gain statehood, but have always encountered congressional opposition. In distinction to Hawaii, statehood for Puerto Rico could derail the American national budget. Nevertheless, the island remains effectively under American economic control thanks to tourism.

## 5. Status Quo

As part of Ukraine Crimea gets water, electricity, and food, along with financing of the fleet and the retirements of vast number of military retirees. Still, the Ukrainian status is unacceptable to them. There is longing for the good old days of unlimited privileges, a time when the Ukrainian "banderites" knew their place, all these feelings compounded by geriatric hostility to change. Maybe, just maybe, there are guilty feelings for taking over the empty houses of deported Tatars with their gardens and flower fields. What if the Tatars come and say "Give it back!" The empire would never have even tolerated such a possibility.

## 6. Neophobia

Present-day Russia—where you can no longer tell who is a genuine ethnic Russian (Ruskiy) and who merely a non-Russian resident of Russia (Rusinyanin)—is shocked to have her stiffening embrace repelled in the name of self-determination. But she still loves her prodigal son—Crimea. This tender example of Oedipus complex comes up against economic realities. Yes, Russia is big (so far), but it also has big problems and does it need yet another enclave? And if the Kuban region settled by ethnic Ukrainians comes from Russia, Russia—or what's left, of

Ukraine could stand to gain financially from the Crimean situation. In addition to oil prices, which for Ukraine exceed the so-called world prices, Ukraine could charge Crimea for water from the Dnioper at the going rate of some four billion dollars, as well as for transits right across its territory to Crimea. Failure to pay will make more water available for Ukraine, improve the ecologic situation in the Dnioper basin, and take care of dearth of water in Southern Ukraine. The health resorts will continue to thrive on people with convertible currencies, so any referendum to remove the Crimean appendix may not be such a bad idea!

### 7. A New Hong Kong

The Russian writer Akimov raised hopes of a horn-of-plenty with his fictional work *The Island of Crimea*, which is easy enough to do with Homo Sovieticus.

But, in fundamental terms, there is only one solid basis for self-determination in the world, and that is the will of the indigenous population. In a conglomerate country you are up against a situation where the spiders at the center of the web order everyone else around. In Crimea you simply cannot ignore an Islamic (Tatar) factor, jihads, and so forth. Yet the allure of foreign investments and the creation of another Hong Kong is quite appealing as an easy solution to a rather unsettling reality.

How are the pensioners going to be supported? From rental fees for Sevastopol if anybody wants to rent the port? Ukraine would be better off keeping its compact fleet elsewhere. What about water? Energy? Food supplies? But these will be the problems of an independent Crimea and not Ukraine and, of course, we can assume that the separatists have anticipated and provided for these facts of life.

A final thought. The waters surrounding Hong Kong have been become so polluted as to render them unfit for swimming; just something else to think about.

To date, the Ukrainian community has been remarkably passive in all this and its voice disproportionately low-keyed in this international sing-song. The work of such organizations as "Crimea with Ukraine" and the regional centers of political parties—which have been rendered largely meaningless by the passage of the Crimean constitution—are, nevertheless, slowly permeating into the Ukrainian consciousness. Ukrainian passivity is to a large extent due to an information blockade posed by absence of Ukrainian schools and exclusion of the Ukrainian lan-

guage from the media. The girl panicked and attempted to lock-in on the remaining suitor, who came to think that she might not be such a treasure after all if no one else would have her. The upshot is that her intrigues risk making her lonely for life.

This brings to mind a Russian anecdote where a husband holding his wife out of a tenth-floor window tells her how lucky she is [in Russian]: My grandfather stabbed his wife, my dad shot his, and I'm letting you go free!

This has obviously been an anecdotal and a light-hearted look at the Crimean question, but every bit of humor has a particle of truth in it.

### Odesa Council Condemned for Separatist Activity 94K06944 Kirov UKRAYINSKA HAZETA in Ukrainian 3-16 Feb 94 p 2

[Article by Prof. Volodymyr Lapi, Doctor of Economics, chief adviser to the Ukraine President representative for economic issues in Odesa Oblast: "Does the President Have Any Power? Russian Bodelan Dreams of Communism in an Independent Bodelan Kingdom"]

[Text] It is no secret for anyone in Odesa Oblast that the majority of deputies in the Odesa Oblast Council, chaired by former CPSU-CPU Secretary Russian Bodelan, have been for two years ardently championing the renaissance of the single inviolate USSR. What causes concern, however, is an initiative that has emerged lately from the bowels of the oblast council bureaucracy: "an experiment to broaden regional economic independence."

To implement this experiment in accordance with its concept, approved by the decision of the oblast council, the state must delegate to Odesa a share of its legal and economic rights. These include operational control over the region's economy, the building of infrastructure and investment of foreign and domestic capital in the oblast "to open it up to the world market." How about that? Who cares about Ukraine or the Ukrainian people? Every man for himself.

When such as region and oblast are stripped from the oblast council resolution, the aspirations of Odesa independence-seekers toward the so-called free economic zone become clear. In paragraphs mandating the establishment at the regional level of special regimes for foreign business and export-oriented activities and regulating the registration of foreign company offices, control over the compliance by the participants in foreign business activi-

revolution should be completed by the Cabinet of Ministers, that the legislative groundwork for the establishment of such a zone needs to be done, including detailed technical and economic characteristics, even sectoral orientation; blueprints for the development of industrial and social infrastructure; economic and research potential; levels, sources and forms of financing; price and tax regimes; systems of foreign exchange, financial, credit and tariff regulations, etc.

One can imagine the diligence and rigor of the analysis of all these points, including from the point of view of economic security of Ukraine, while the documents pass through the appropriate bureaucratic channels. It is a wonder that serious people, patriots of independent Ukraine (if they are patriots), have nothing else to do. Moreover, the Odessa advocates of Soviet Power have chosen to get there through the back door, by hoping to go around the law. They claim that this is only a special, temporary experiment. We know how the Crimea has been experimenting: it has already elected its own president.

Do we not exaggerate the dangers of the Odessa experiment? Let me try to analyze its essence. Free economic zones are part of a national policy, the main goal of which is for the country to gain foreign investment, obtain new technology and increase the income of foreign currency for the state budget. This is why the state offers special incentives on taxes, tariffs, insurance, credits, foreign exchange, prices, etc. at its free zones. The state often limits union activity in such zones, the right to strike and even the application of minimum wage laws. Naturally, in such conditions, elements of social pressure inside the zone are: increase and, as world experience shows, prevent

legislation and, necessarily, under the control of the supreme organs of state power in Ukraine.

The same can be said about attempts by the Odessa Oblast council to assume the right to manage the national property. This includes not only major industrial enterprises but also transport and energy-producing entities, ports, electric transmission lines and highways—all that is indispensable for the normal functioning of a country. If all this is given up to the oblast council, the question arises what will happen to such economically important entities as the Odessa port plant and refinery, the steam ship company and the pipelines. Will they become the material foundation of the Odessa Republic?

If we want to speak seriously of broadening economic independence at the local level and implementing oblast-level programs and projects, they are currently being developed in the Odessa region. For instance, there are plans for the structural rebuilding of the machine building complex in the oblast, and for the support and development of entrepreneurship. The oblast executive authorities patiently work to implement them. But the input by the oblast council in this important area cannot be seen through the magnifying glass. Please, work on these issues. But no.

Time has come to develop and implement the general program for the support and development of the farming movement in the oblast, and for the long-term development of inter-farm ties at the oblast level in Ukraine as well as with the nearby regions of the near abroad. This is what oblast deputies should primarily focus their attention on, and not on empty populist slogans and calls for the creation of a new Union. By the way, if they could



professors and mayors, which efficiently function everywhere in the world on a professional basis and do not wave around their red banners which have long ago become discredited. One would wish that the president of Ukraine, like Yeltsin with respect of Sverdlov's creation, acted more decisively and directed his representatives to do likewise.

## ECONOMIC AFFAIRS

### **Pylypchuk Remains Optimistic About Economic Reform**

944K0632A Lrv ZA VILNU UKRAYINU in Ukrainian  
12 Jan 94 p 3

[Interview with Volodymyr Pylypchuk, member of the Presidium of the Supreme Council and chairman of the Commission on Economic Reform and Management of the National Economy, by Myroslav Levytskyi, place and date not given: "Volodymyr Pylypchuk: 'We Are Quite Capable of Reforming Our Economy'"—first two paragraphs are ZA VILNU UKRAYINU introduction]

[Text] Below we publish some observations on the current state of Ukraine's economy and on ways to resolve the crisis offered by Volodymyr Pylypchuk, a leading Ukrainian economist, member of the Presidium of the Supreme Council, and chairman of the Council's Commission on Economic Reform and Management of the National Economy. In 1992 Volodymyr Pylypchuk was elected deputy chairman of the Economic Committee of the Parliamentary Assembly of NBSYs [expansion not given]. Since the first day of Ukraine's political independence, he has consistently called for securing Ukraine's economic independence through radical economic reforms.

Today Volodymyr Pylypchuk is also involved in coordinating the training of free-market economists to take the place of officials currently in office following the 27 March election.

[Levytskyi] A great deal has already been said about the state of the Ukrainian economy. Unfortunately, skeptical and negativistic views prevail. Some politicians have gone so far as to "predict" how much longer our independent

conducting accelerated privatization, developing a market infrastructure, stabilizing the economy, and introducing a monetary unit.

The first thing we need to do is halt inflation. But to do so, we have to eliminate the budget deficit. Our program calls for revoking all tax benefits except those granted to organizations of invalids, who are unable to compete with able-bodied people. We must change the tax base and switch to taxing turnover or sales volumes. It is also important to lower taxes. This will cause the business activity index to rise and ultimately replenish the budget. Business enterprises will expand and firms that have registered where taxes are lower will return to Ukraine.

Our program envisages conducting privatization and receiving a portion of the earnings from this. This will result in reducing the expenditure side of the budget because the state will stop financing private organizations. As a consequence of this policy, branch ministries, committees, concerns, and their local organs will be eliminated. The third important element in reducing budget expenditures is to decrease spending on the upkeep of the armed forces. Ukraine currently maintains a rather large army. This army must be transformed into a professional force and then made smaller and more efficient.

Inasmuch as Ukraine has a negative foreign trade balance, we have worked out a mechanism for eliminating the deficit in foreign trade. This can be achieved by increasing exports, which is also linked with privatization. Privatization is the only thing that can serve as an incentive for work, an incentive to increase output and improve production quality. It is also necessary to revoke export licenses and lower import duties. To prevent exports from being sold at dumping prices, we must introduce economic regulation.

To overcome the current crisis, it is important to convert and reconvert the military-industrial complex and sell weapons. The whole world trades in arms in compliance with the regulations established by the world community.

[Levytskyi] An important element in Ukrainian reforms must be decreasing imports. What do we need to do to achieve this?

[Pylypchuk] We need to reorganize the national economy

this difficult to achieve with the kind of disequilibrium in the economy that we are currently experiencing?

[Pylypchuk] In order to balance the supplies of goods and money, we must treat land, factories, and plants as goods, prohibit the issue of credit if there are no goods and financing when the balance is in the red, as well as the sale of reserve funds by the National Bank in the form of credits.

[Levytskyy] Representatives of government structures often stress that the crisis is the result of objective circumstances—of the fact that the structure of the Ukrainian economy is so tied to Moscow. How much of today's crisis is caused by postimperial objective conditions and how much by officials' own subjective actions?

[Pytypchuk] If someone needs to explain the reason for failure, he will always find an excuse. The easiest way is to blame external factors. No one denies that these exist, but one must always look to oneself for the cause. Today's situation is the result of a failure to implement reforms, of pursuing a zigzagging and inconsistent economic policy.

**[Levytsky]** One frequently hears that Ukraine has lost her chance. I disagree with the skeptics, but will it take our country a very long time to make its way out of this crisis?

[Pylypchuk] We are quite capable of reforming our economy. There are methods and mechanisms that would allow us to do so rapidly. Ukraine's potential is sufficient to halt production decline in 1994 and begin building up the national economy. All we need is the will and a new way of thinking.

**[Levytsky]** Representatives of government structures have another excuse for their failures: the price of energy supplies has increased 10,000-fold since 1990. Their opponents say that in 1990, a metric ton of oil cost 10 cents, which is not true. Can you explain this discrepancy?

[Pylypchuk] This is both true and false. I recall that before the crisis, a metric ton of Russian oil cost 12 dollars. Today's price is eight times as great. But the multiplying effect has also come into play. When the costs of raw materials rise, these costs are multiplied in processing, in the production of Group A products, Group B products, and in the retail trade. The law of multiplication is in operation, so in calculating the gross social product. On top of this, there are internal factors of inflation.

The external factor in inflation could have been neutralized. We sold Russia a certain amount of metal, grain, and meat. A wise government should have made an agreement: we will sell you a package of goods, but if your price rises, we will sell you more goods.

back on it with nostalgia. Fortunately, time is on our side. People are beginning to understand that a drowning man's hope of salvation lies solely in himself.

**[Levytsky]** You mentioned nostalgia. Journalists have learned that Ya. Zvyahilskyy has agreed to transfer a portion of our industrial projects to Russia in exchange for our debts. What can you tell us about this contract, and how are such problems resolved elsewhere in the world?

[Pytypchuk] The general rule is that loans are secured by property. If they are not paid back, this security goes into effect and the property is put on the block. Unfortunately, I do not have all the documents that Zvyahilskyy signed, and so I cannot draw a firm conclusion regarding this action. I would like to assure you that Ukraine would be able to engage in trade without incurring debts with all countries if the state would hand over the conduct of trade to businessmen. The state should have no say in what anyone should buy, at what price, with whom to break ties and with whom to establish ties. Businessmen will do a much better job of it. Government structures have proved totally incapable of directing new processes.

[Levytsky] A conflict broke out in December between the National Bank and the commercial banks. National Bank officials assure journalists that had it not been for the National Bank's timely intervention, the commercial banks would have paralyzed the financial system. The heads of commercial banks charge V. Yashchenko with incompetence and are demanding his resignation. The arguments put forward by both sides appear persuasive to nonspecialists. Which side is right?

[Pylypchuk] There is more truth in what the commercial banks say. Although they, too, are not without sin, because they hold up the funds of their clients for a time and use them as if this money were their own. This happens because the National Bank does not perform the functions with which it has been charged. There is a decree in force in Ukraine, under which accounts that are settled late are subject to taxes and a fine. The National Bank is unable to control this and therefore takes steps that do not serve the interests of the banking system as a whole, let alone the specific situation in which Ukraine currently finds itself. Prohibiting banks to advance credit can be compared to prohibiting stores to sell goods. This is absurd...

[Levytsky] Until recently, the so-called money changers used to buy up convertible currency at every intersection. For the last two weeks, we have been witnessing the reverse in Kiev. They are trying to sell currency. What has caused this abrupt change?

**[Pytypchuk]** This phenomenon is linked with the banking of the National Bank advanced credits that

hope to exchange their hard currency at the highest possible rate. Secondly, the process of privatization has begun. Enterprises are selling their stock. Those with dollars are investing their capital in property.

[Levytskyy] Is it true that 29 Russian banks are operating in Ukraine at this time, and if so, what impact do they have on our economy?

[Pylypchuk] There are branches of Russian banks in Ukraine. Opening branches of foreign banks is a universal practice, because their funds benefit the country in which they are located. Under inflationary conditions, however, there is a danger that the profits from conducting hard currency sections do not benefit the Ukrainian economy, that they do not remain in Ukraine.

[Levytskyy] You frequently meet with economists from abroad. How well do they understand Ukrainian problems? I am particularly interested in how well these are understood in Poland. According to reports from Warsaw, Poland's foreign policy towards the east is changing to reflect a greater emphasis on Russia.

[Pylypchuk] Since I am not only an economist but also a politician, I do not wish to make any comments about what is happening in Poland. But I want to stress that it is necessary to take a sober look at who has come to power in Russia and on what platform. Poland was a part of the empire which Zhirinovskiy is planning to restore. The conduct of some politicians reminds me of the rabbit that places its head into the mouth of a serpent.

[Levytskyy] What benefits did Ukraine derive from its membership in the CIS? What is your attitude to the idea put forward by the national-democratic forces of Ukraine that a qualitatively new entity should replace the CIS—the Baltic-Black Sea Community?

[Pylypchuk] I am among those who support the creation of a Baltic-Black Sea Assembly. Above all, because of the military doctrine of the Russian Federation, which wants to interfere in the internal affairs of independent states, in interstate relations, and to settle conflicts with the help of its armed forces. The aggressive policies of the USSR have not disappeared. They have been passed on, along with many other things, to Russia. Today, this policy is being proclaimed openly. The countries that lie between the Baltic and Black sea need to understand that if Russia succeeds in swallowing up Ukraine, one of them will be next.

[Levytskyy] Especially in light of the fact that as Radio Liberty has reported, Russian diplomats are now resorting to a new tactic: "If you do not give us a peacekeeping mandate and credits, Zhirinovskiy will simply take them."

[Pylypchuk] There are forces whom Zhirinovskiy wants to swallow up in Russia itself and in other countries who understand that such a policy will lead to a conflict that will shake the world. For that reason, the UN and the developed countries of the world should listen to the fears being voiced by the countries that lie between the Baltic and Black seas and realize that the threat is real. I am confident that they will adjust their attitude to the new

states that have emerged on the territory of the former USSR and will make the granting of aid to the Russian Federation conditional on its rejection of territorial claims on its neighbors.

[Levytskyy] The election campaign has already started in Ukraine. Judging by the results of two democratic elections in Poland, a large number of people will cast their votes based on a party's attractive name or a candidate's effective speech, rather than on the political platform being proposed. Inasmuch as these elections are deemed to be especially important, what should voters focus their attention on?

[Pylypchuk] There is a rule that every people gets the kind of government and parliament that it deserves. If people do not want to stand up against it, they deserve this absurd situation. Sociological surveys indicate that the majority of people has now come to understand that the parliament and government should consist of professionals. I am confident that the electorate will cast its votes for the reformist forces. As I said earlier, the democratic bloc has a program for solving the crisis and it has people who can accomplish this.

[Levytskyy] But you surely agree that far from all voters will bother to study the program in any depth. They will vote for reform, but the choice will be between two concepts: "change everything immediately" or "make changes that have been well considered and are possible to effect."

[Pylypchuk] There is a grain of reason in both concepts. Our success will also depend on the speed with which reforms are conducted. But we should not repeat the mistakes made by our neighbors.

[Levytskyy] The presidential campaign in the Crimea has entered a heated phase. The campaign has a distinctly anti-Ukrainian bent. People are being drawn into the pro-empire camp with populist slogans about cheap gas and oil. Will Ukraine be able to maintain her territorial integrity?

[Pylypchuk] Let me answer you first as an economist and then as a politician. From an economist's standpoint, Crimea's secession would be to Ukraine's advantage. Per capita income produced in the Crimea is lower than in Ukraine but higher than in Russia. Ukraine supplies the Crimea with water and electricity. This would leave Ukraine with 3.5 billion dollars of net profit annually. While the Crimea produces only some three percent of Ukraine's national income, it consumes 18 percent. Hence it requires large subsidies.

But no state in the world gives up territory without a fight. I think that all politicians understand what a change of borders leads to when one of the sides does not agree to this change. There are already many examples of this on the territory of the former USSR. I do not believe that politicians will take this route. When a new boundary is drawn across the land of an owner without his consent, this land is always drenched with blood. Those in the Crimea who are pouring gasoline over the ground must be stopped,



because later it will make no difference who throws the first match—chevvinists or nationalists!

[Levytskyy] Thank you for this conversation, and I hope that there will be no new boundaries in Ukraine and no blood!

[Pylypchuk] I hope so too. Allow me also to extend my Christmas greetings to your readers and wish them that troubles and evil pass them by and that their children bring them joy.

#### **Chernihiv Official Assesses Oblast's Economic Condition**

944K0632B Kiev HOLOS UKRAYINY in Ukrainian  
20 Jan 94 p 6

[Interview with V. Savchenko, deputy head of the oblast state administration, by Vasyi Chepurnyy; place and date not given: "Chernihiv Oblast's Role in Ukraine Is Like Alaska's in the United States"]

[Text]

[Chepurnyy] Your words are rather harsh and unexpected. Can you please explain?

[Savchenko] I have made this comparison because, unfortunately, our oblast finds itself in a much worse situation than other oblasts. Despite the fact that, like Alaska in the United States, it supplies vitally needed raw materials—timber, flax, and agricultural goods. Judge for yourself.

Our oblast is an agricultural region and so our income is obviously seasonal. After bringing in the harvest, we dutifully sell it to the state and get aside some money to buy equipment, fuel and lubricants, and fertilizers. But this money is instantly eaten up by our raging inflation. Half the population lives in rural areas, whereas the lack of parity in the prices of industrial and agricultural goods has produced a situation in which industrial production accounts for nearly 70 percent of the gross national product. Just three years ago, it amounted to 40 percent, while agricultural output accounted for 60 percent.

The oblast has few hard-surface roads, schools, medical and preschool institutions, and cultural facilities. But our invariably "holey" budget, multiplied by inflation and the seasonal nature of agricultural production, prevents us from rising to the level of other oblasts. The budget is also weak due to a bias in setting the rates of excise taxes, enterprise taxes, and value-added taxes.

In accordance with the "Law on the State Budget of Ukraine for 1993," our oblast kept only 23.1 percent of the value-added tax and 50 percent of the excise taxes and enterprise profits tax collected on its territory. Meanwhile, Zhytomyr, Sumy, and Kiev oblasts received the full amount. We, on the other hand, have been put in the same category with Donetsk, Dnipropetrovsk, and Zaporizhzhya oblasts, all of which have a powerful production potential.

As a result, our level of social development lags significantly behind average indicators for Ukraine as a whole. For example, while the national average of apartments

equipped with gas is 46.6 percent, only 28.9 percent of Chernihiv Oblast's apartments have gas. The number of physicians per 10,000 residents is 44 percent nationally and 31 percent in Chernihiv (as published), the number of children provided with permanent preschool institutions—49.4 and 48 percent, respectively. The list of examples could go on and on.

In the past, as we know, there were state orders for both agricultural and industrial production. There was a relatively firm arrangement: we gave the state potatoes, flax, grain, etc., and the state provided us with industrial goods, equipment, fuel and lubricants, fertilizers, and consumer goods. Moreover, at stable and more or less affordable prices. Not once did we fail to execute the state order! Now they take from us, but give us nothing in return. What we have now is something skewed, something that is no longer even a state order, but simply a way of pumping out agricultural production.

We are trying to develop our processing industry to involve a higher degree of processing, but this requires lumber, meat, butter, sugar, grain alcohol, and hides. The oblast has all of these things and moreover in large amounts. But the state order takes everything.

[Chepurnyy] Your economic service prepared a study that clearly shows that in terms of per capita national income Chernihiv Oblast has surpassed such powerful oblasts as Luhansk, Donetsk, and the Crimean Republic. This is simply hard to believe.

[Savchenko] It is hard to believe because the miners are creating an uproar across the entire country, even though their demands are harming not only the economy of the whole country but also the residents of Donetsk Oblast by driving up inflation with their high wages. The Crimea is smuggling up to Russia and also making a fuss. Whereas our oblast is very docile—except for the famous slogan, "Who ate my meat?" during the notorious "sausage revolution," we have not been heard from in the political chorus.

The result has been that Luhansk Oblast, for example, receives 327,000 karbovanets per resident in financing from the state budget, while Chernihiv Oblast gets only 251,000. Even Poltava and Zhytomyr oblasts receive 275,000 and 295,000, respectively. Other oblasts receive subsidies from Kiev, while all we get are promises.

[Chepurnyy] The solution, presumably, does not lie in stretching out your hand to the state and saying: "Give!"

[Savchenko] Of course not. There should be normal economic relations in our dealings with the center and with other oblasts. What has happened instead is that we cannot collect what is owed us for the meat, butter, and other agricultural goods that we delivered in government orders to Moscow, St. Petersburg, Azerbaijan, and Ukraine's southern oblasts.

I have said on many occasions that the Donetsk miners do not travel to the Kuzbas to get coal for their homes, schools, and enterprises. They burn the coal they mine. Why is it then that we, Chernihivites, must give up all the

then have to go looking over hill and dale for what we need ourselves? And, moreover, have to overpay insane prices for it. And, moreover, have our environment polluted by the development of oil and gas fields. That is why the oblast state administration requested that at least 20 percent of the oil be left in the oblast to meet local needs. We went from one high office to another and managed to get all of five percent. Clearly, this amount is not sufficient for our needs. Nonetheless, the State Committee on Oil and Gas found an excuse to reduce our already meager shipments. They are sweeping our forests clean to obtain timber for mines, but our oblast gets no preferential terms when buying coal. Right now the Chernihiv Thermal Electric Power Station has only 30 percent of the coal it needs.

Let me add a few words about sugar and grain alcohol [spirit]. We need these as much for purposes of forced barter as for our own consumption. I say forced because you need five times as much fuel to grow potatoes and flax as you do to grow grain crops. Thus we have a senseless situation. They take our oil while we have to go looking for foreign oil in order grow potatoes and flax for Ukraine. Or is it that our country no longer needs these things?

[Chepurnyy] Incidentally, statistics indicate that Donetsk Oblast owes us huge sums of money for meat and butter. Apparently we are feeding the miners free of charge to enable them to strike on a full stomach and in comfort?

[Savchenko] The trouble is that Chernihiv Oblast itself needs assistance as a region that suffered from the Chernobyl catastrophe. Nor is it only a matter of Chernobyl. We also require special treatment because Chernihiv Oblast is where the process of depopulation in Ukraine began at the beginning of the seventies—in other words, the death rate exceeded the birth rate.

[Chepurnyy] Let us return to your comparison of Chernihiv Oblast to Alaska...

[Savchenko] We are not demanding special treatment; we need to be treated normally. To begin with, those governing structures that decide the fate of the people must adhere to economic laws and take into consideration the peculiarities of socioeconomic development of both industrial and agrarian regions. Otherwise it will be quite a while yet before we achieve the standard of living that even the Eskimos in Alaska enjoy.

### Radioactive Contamination of Timber Resources Examined

944R0388A Kiev ZELENYY SVIT in Ukrainian No 13, Dec 93 pp 4-5

[Article by K. Pyroshenko, candidate of geographical sciences: "Where Are We Living Today?"]

[Text] There are problems with the safe use and renewal of forest resources.

A geographic approach has to be taken in formulating ecologically and economically sensible concepts for forest

Ukrainian forests are subject to intrusive anthropogenic factors in heavily industrialized areas with large power plants. The extensive forests in the zone of the Chernobyl nuclear accident and adjacent territories of the Kiev, Zhytomyr, Chernihiv, Rivne and Volyn oblasts differ as to type and functional designation and the degree of radioactive contamination. On the average, forests take up 27.5% of the land area, a figure that reaches 36% in the 30 km Chernobyl zone. This represents 2.4 million hectares, or 38.4% of the forest lands of Ukraine. Artificial reforestations accounts for 50.5% of the area in those regions, versus an average of 68% for Ukraine as a whole. Coniferous forests predominate (63.0%), followed by hardwood forests (17.5%). Most (48.5%) are young and mid-age (37.5%) growths. Cesium-137 is the most widespread contaminant of the three major radionuclides (cesium, strontium, plutonium); however, in the 30 km Chernobyl zone strontium-90 and plutonium are the dominant contaminants.

Utilization of these forests for timber and recreation and their levels of radioactive pollution is depicted in Fig. 1. The map shows that the forests can be classified into eight types: 1—Conservation and recreation; 2—Conservation and timberland; 3—As category 2 in combination with radiomonitoring; 4—As 3, but with moderate commercial use; 5—As 3 but with low level commercial exploitation; 6—Conservation and limited commercial exploitation; 7—Conservation with radiomonitoring; and 8—Conservation and protected against commercial use.

Forests that predominate in the Kiev Oblast—which suffered the most from the Chernobyl fallout—fall mainly into categories 7 and 1. The primary categories in Zhytomyr Oblast are 3, in Chernihiv Oblast 2 and 3, in Rivne Oblast 3 and in Volyn Oblast 2. The most contaminated forests to which access is forbidden are found in the Chernobyl and Polissya forest preserves in the Kiev Oblast, and in the Narodnytskyy, Ovrutskyy and Slovechanskyy preserves in Zhytomyr Oblast. This classification does not include forests in the 30 km zone or the dead 'brown forest' there.

This form of classification may make it possible to include the radiopolluted forests in the timber economy. For example, in the Kiev Oblast 14.0% of the forest areas have economic (including recreational) value, 66.0% have limited potential with mandatory radiomonitoring, and 20.0% (excluding the 30 km forbidden zone) are out of bounds for any type of use. The corresponding figures for the Zhytomyr Oblast are 4.5, 75.2 and 37.3%, in the Chernihiv Oblast 37.3 and 62.7%, in the Rivne area 9.7 and 90.3%, and in Volyn Oblast 52.2 and 42.8%. In terms of economic potential the last three oblasts are in the most unfavorable position, although even they have undergone changes in the way their forests are categorized.

Constant efforts are required to maintain and renew the forest resources where radioactivity ranges from 1.1 to 5.5 Ci/sq. km. and higher. These efforts are hampered by poor

working and living conditions, particularly where tree husbandry is concerned, and danger of radioactivity. Both factors contribute to a shortage of labor. Forestry workers—especially loggers—have been shown to receive 1.5- to 2.5-fold as much irradiation as other segments of the population. Accordingly, such work must be curtailed on territories where radioactivities exceed 10 Ci/sq. km., and the work force must be further reduced by employing tree planting machines that have already been approved for use in the 30 km zone.

In summary, the forestry industry must be carefully reassessed and nurtured in the Kiev, Zhytomyr, Chernihiv, Rivne and Volyn oblasts. Full utilization of these resources must be based on the above classification and economic impact projections of the Chernobyl accident.

**Rukh Leader Stresses Need for Privatization**  
944K0679A Kiev NEZAVISIMOST in Ukrainian  
4 Feb 94 p 4

[Article by Oleksandr Lavrynovych, deputy head, Ukrainian People's Movement (Rukh): "Privatization Is the Key to a Change in the Behavior of Economic Factors"]

[Text] The present-day situation in Ukraine's economic life has created a status of general dissatisfaction and—here and there—even of despair. What lesson can we draw from the first two years of Ukrainian state sovereignty? Nowadays it is surely obvious to everyone that there will be no perfect economic solution to the problem of extricating ourselves from this all-encompassing crisis.

We need to solve the problem of making a systemic transition to a new quality of society, state administration, and economics.

One gets the impression more and more nowadays that the situation is being pushed—whether consciously or not—in the direction of extraordinary measures. There is a persistent argument to the effect that the escalation of the above-mentioned crisis is being brought about by Ukraine's energy dependence, as well as by the constant rise in prices spent for energy-bearing materials. But the proportion of such energy sources in Ukraine's credit indebtedness is less than 15 percent. And what about the remainder? The rest of this indebtedness is caused by the noncompetitiveness of Ukrainian goods in the markets of other states and by the fact that we have a tight taxation, customs-duty, and import-export policy. The real cause of our worsening situation lies in the absence of reforms and consistent action in the field of managing the economy.

Our economy cannot be rebuilt without an all-encompassing change in the structure of property rights. And it is groundless to anticipate changes in the behavior of economic factors without privatization. It has never happened anywhere and surely never will. Having set out on the path of reform, we must organize a rapid and mass privatization. The goal of privatization is to find new property-owners and managers and to channel the funds obtained into the appropriate solution of social problems.

We are taking the initial steps of our reform policy in the agro-industrial complex. And we are beginning with land reform. Ukraine's agriculture requires various forms of management and various forms of property ownership. At present the process of privatizing land and making a total farm inventory on a shareholding basis is urgent. We must ensure that there are state monitoring controls on land utilization. The goal of privatizing land and property is to reform collective farms into full-valued cooperatives, shareholding enterprises, private-type farms, and associations of village-owned farms.

The question of prices and price formation is extraordinarily important and—at the same time—painful. The present-day government in Ukraine, having abandoned the path of direct administrative command, has not set forth on the path of market-type changes, but instead has chosen the path of the absurd. What else can one call a course directed at reducing the Gross National Product, curtailing production, and precipitously impoverishing the population, while—at the same time—creating the conditions for superprofits and enriching state bureaucrats by means of bribery, extortion, and other such mercenary behavior.

The first step in this field must be to ensure that there are public monitoring controls by citizens on the utilization of the state budget. This step has to be taken in order to prevent the budget from being plundered in the form of granting privileged credits, subsidies, and budgetary loans.

We need to legislatively reinforce evenhanded tax conditions for enterprises under all forms of property ownership. In order to encourage investments and stimulate the entrepreneurial spirit, we should introduce "flat" taxes on profits. This is a very important step—one which could encourage, first and foremost, the active influx of medium-sized and large-scale international capital. In parallel fashion, we have to adopt and apply progressive taxes on individual incomes.

While creating favorable conditions for business activity—conditions which will enable us to realize high profits—we must also ensure protection for sensitive social groups by providing targeted aid and relief for them. We are introducing into our Rukh program precise ways and means for implementing such protective institutions.

It is a known fact that the success of the economic reform depends—to a considerable extent—on cooperation between state and private property owners. Pushing on forward is only possible if we begin real privatization, including that of land. This would enable us to put a stop to the plundering of state property and free the state from the need to subsidize enterprises making low profits or even operating at a loss. Privatization would also mean the end of uncontrolled credit issuance, inasmuch as the granting of credits to state enterprises is the principal source of the deficit today.

In order to expand the possibilities for Ukraine's citizens and to create evenhanded conditions in the obtaining of credits, we must legislatively reinforce the right to grant





**Key: I. Classification of Forest Resources on Radiopolluted Territories**

- A. Lutsk
- B. Rivne
- C. Zhytomyr
- D. Kiev
- E. Chernihiv

**II. Economic Valuation of Forest Resources (Forestry Enterprises):**

- 1—Conservation and recreation
- 2—Conservation and commercial use
- 3—Conservation and commercial with radiomonitoring
- 4—Conservation and commercial with moderate pollution and radiomonitoring
- 5—Conservation and commercial with below-average pollution and radiomonitoring
- 6—Conservation and moderate commercial use
- 7—Conservation with radiomonitoring
- 8—Conservation; excluded from use

credits to those citizens who wish to start up their own businesses or to acquire housing.

We also need to create favorable conditions for the emergence of new private enterprises and to implement programs for supporting and developing entrepreneurship. We have such a specific program. Each person desiring to become an owner-manager will be allowed to participate directly in the administration of the economic region involved. And, therefore, we must carry out not only small-scale privatization, but also provide for the joint-stock ownership of corporate-type enterprises. The creation of a private sector will be accompanied by mandatory anti-monopoly measures, which will simultaneously provide equal rights among enterprises having various forms of property ownership. An interest in—and concern for—turning out competitive goods or services needed in the marketplace will facilitate the growth of social production. Privatization will have to cut back on the production of energy-consuming, noncompetitive machinery and semi-finished goods; and it must expand the sphere of producing consumer goods. We already need to tackle the structural change of energy production in Ukraine now so as to reduce the imports of oil and gas to a minimum.

All these measures are possible only if the problem of government power is solved. Otherwise, the decline in the economy will continue even more precipitously. Therefore, we are in favor of combining our efforts with those of all Ukrainian patriots and supporters of rapid, radical reforms. We have faith in our success, and we anticipate that the path to it will not be too long and painful.

### **Economic Specialists Discuss Use of Privatization Vouchers**

944K0633A Kiev NEZAVISIMOST in Russian  
21 Jan 94 p 3

[Article by Sergey Vasin, candidate of economic sciences and NEZAVISIMOST economic observer, and Valentin Likhodoy, candidate of economic sciences and docent of Kiev University named T.G. Shevchenko: "Do Not Sleep: Think About SPI! Elimination of Illiteracy-94"]

[Text] SPI means property privatization certificate (a different word order would lead to an abbreviation that would be not quite so euphonious). SPI is the Ukrainian voucher whose distinguishing feature is that it can be neither seen nor felt nor sold at a bazaar. It is the right to participate in privatization or, more precisely—a noncash means of payment for acquiring certain shares.

A certain confusion is already arising here. The advertising is being presented in a form that implies that by investing your SPI somewhere your shares will make you a real owner of some enterprise. But in reality the owner is the joint-stock company and the individual investor has only the right to vote at the general stockholder meeting (practically a far-

certificate itself, therefore, should be called not a privatization certificate but an investment certificate.

In order to utilize his SPI a citizen of Ukraine must, first of all, select an object of privatization, that is, find an enterprise that has announced the sale of its stocks for privatization certificates. And here it is important to emphasize at the outset that two scenarios are possible: The first involves direct purchase of a state enterprise for collected privatization funds, after which it is transformed into a joint-stock company; the second involves preliminary formation of a corporation out of the enterprise, whereby it is transformed into a state joint-stock company (that is, a joint-stock company with predominant participation of state capital) which would like to sell its shares for SPI's.

While with the first version it is still possible to speak about participation in privatization (the SPI investors actually play the role of cofounders of the joint-stock company), with the second the change in the form of ownership occurs independently of the investors. And this ownership itself turns out to be quite curious: On the one hand a small group of managers of the former state enterprise declare the private nature of their joint-stock company and recruit individual investors; on the other—the company elite dispose of state capital according to their own will and demand economic support from the state at the same time. As a series of scandals has shown, in the distribution of income both the investor and the state are taken for a ride. According to the instructions of the State Property Fund of Ukraine, after selecting an object of privatization the citizen fills out an application for acquiring shares which (pay special attention to this) is addressed to the commission for sale of shares of the given joint-stock company. And if you do not fulfill this condition and then end up deceived, you have only yourself to blame. It is necessary to speak about this because we already see the practice whereby joint-stock companies create subsidiary intermediary firms which enter along with the citizens into transactions involving the sale of shares in the parent company for SPI's. (In order to distinguish the subsidiary enterprise from the parent one, pay attention to their full title, only a certain part of which they share in common.) And it is almost probable that in the undisclosed regulations of the subsidiary firms a special stipulation is made concerning the absence of mutual liability for obligations of the subsidiary and parent enterprises. With all the possibilities that come from this in our times of highway robbery.

After filling out the application for acquiring shares you receive a privatization payment instruction (PTP), which is the basis for using the SPI. After obtaining the PTP you go to the central rayon savings bank where your name should already be on the list compiled in the place of residence. A privatization deposit account (PDS) is opened for you, in which the sum of 1.05 million karbovatny are

The sum of 1.05 million karbovantsy was arrived at as a result of a 35-fold indexation of the initial amount of the SPI of 30,000 karbovantsy established in May 1992 prices. And the sum of 30,000 karbovantsy was determined (approximately) as 152-millionths of the value (restored) of state property subject to transfer to the population free of charge. On the whole this value was estimated at 1.52 trillion karbovantsy and then, according to the Privatization Program, the proportion of nonstate property was to increase over three years from 4 to 46 percent.

And here we come to the most interesting thing. It is all a matter of the fact that in May 1992 the exchange rate of the dollar fluctuated in the range of 115-135 karbovantsy per dollar. Consequently, one SPI could be valued at more than \$200. But today, when you purchase shares for your SPI and then sell them and obtain cash, the cost of the SPI ends up to be less than \$30. A sevenfold difference appeared because the nominal value of the SPI was indexed 35-fold while the exchange rate of the dollar has increased almost 300-fold during the time that has passed, and prices—even more.

Hence it follows that if the real share of state property subject to privatization free of charge remains the same, the nominal value of the SPI today has been reduced many times over as compared to May 1992. Therefore if the SPI's enter the sphere of circulation in one form or another, their price as representatives of the actually existing material wealth should grow in correspondence to the level of prices of other constituent parts of society's wealth—goods, services, securities, and currencies that are on the market and mutually exchangeable.

All this means that the million plus that was deposited into your PDS and transferred out of it in keeping with a special payment is by no means the same thing as a million coupons in your pocket. The special nature of the privatization funds remains even in the hands of their recipients, which is attested to by the accumulated PPP's. In particular, there is still the possibility of further transferring the privatization funds and using them to purchase state property whose value has been clearly reduced. This is why it is convenient to have subsidiary intermediary firms and this is why, like the investment funds in Russia, trust companies are being created in our society (trust and holding companies) which will themselves distribute the SPI's, paying you dividends under various conditions. But if the trust companies take on certain obligations, the intermediaries who sold you the shares have the right to dispose of the SPI's at their own discretion and in their own interests.

Consequently, you must have a clear idea of precisely what you will receive in exchange for your SPI, and this is important even when filling out the application. From the preceding it is clear that it is by no means a matter of

shares in the joint-stock company in which you have become an investor, in time the rate of its shares will increase several-fold as compared to the nominal rate which is determined on the basis of a reduced assessment of the value of the fixed capital.

It is worth noting that for the owner of shares their price quotation is even more important than dividends since during a year it can grow much more and when selling the shares the shareholder can receive appreciable net income. This is the tendency that prevails in countries of the West which, of course, does not lead to mass sale of shares since the shareholders are expecting their quotation price to increase in the future as well. Therefore when buying shares the selection frequently depends on an assessment of the expected growth of their price quotation.

But in order to make a correct choice it is necessary to have the most diverse information, which our compatriots do not have. Moreover, there are always random factors that determine the relationship between supply and demand and, hence, also both the level of dividends and the level of the price quotations for the share.

For example, it is natural to want to invest your SPI's close to home so you can have more information about the object of privatization. But the structure of the location of the population does not coincide with the regional structure of the value of privatized property. On the other hand, today many people are ready to use their SPI's while only a small proportion of the facilities for privatization have actually been included in the process of the formation of joint-stock companies. Just as by the end of the three-year period calculated for the privatization program many facilities, on the contrary, will not be available for purchase because of a lack of free privatization funds.

And many issues remain unclear. Thus the nominal sum of the initially omitted shares must be equal to the value of the purchased fixed capital and therefore surpluses of privatization funds received at one enterprise or another will signify a reduction of the nominal value of the package of shares issued in exchange for one SPI. Will the prospect of modernizing production with additional privatization funds compensate for this reduction? Which is more advantageous—to use your SPI's now or wait for an increase in the number of facilities that are actually being privatized? What will happen to the SPI's that are invested in facilities that have not collected a sufficient sum of funds for purchase?

In addition to these questions one can already see signs of growing confusion in the means of obtaining shares for SPI's. Anyone who has thoughtfully followed our economic history since the times of perestroika will undoubtedly agree that it will be impossible to get through without mass cheating. But here everyone will have to decide for himself. This is not the first and probably not the last time



**Minister of Power Engineering, Electrification on Situation in Sector**

944K03824 Kiev MOLOD UKRAYINY in Ukrainian  
11 Jan 94 p 2

[Interview with V. Semenyuk, Minister of Power Engineering and Electrification, Ukraine, by L. Brovchenko: "Paradoxical Situation: Industry Must Struggle to Reduce Its Income"]

[Text] Everyone is concerned about the energy situation, and everyone feels the energy crunch. Even television broadcasts had to be curtailed, resulting in a dearth of information in addition to low building temperatures and other forms of distress. These facts formed the topic of our conversation with V. Semenyuk, Minister of Energy and Electrification of Ukraine.

[Semenyuk] The situation is very complicated. Our current receipts of fuel—coal, heavy oil, and gas—are running 20 percent below last year's. In other words, we are short 40 billion kilowatt-hours (bKw-h) because of inadequate fuel supplies. Problems with heavy oil and gas—which we get from abroad—are particularly grave. Coal deliveries by the Ukrainian coal miners are more-or-less normal at 100-115 thousand tons a day, but we burn 150-160 thousand tons every day. The difference comes from our reserves, which in better years amounted to ten to 11 million tons. Last year we managed to save eight million tons of coal. At this rate of consumption our reserves of coal will last for another month or so.

[Brovchenko] But the winter will last longer than that ...

[Semenyuk] There's more! Some power stations have already run out of coal or have only one or two day's supply. Stations that produce heat in addition to electricity have first claim on coal. In short, if the coal industry will produce at the present level, then we can last until February. As far as coal goes, we are optimistic since its used to produce 27-28 percent of our electricity. Since one third of the electricity comes from nuclear power plants, it helps that the parliament lifted the moratorium on the Chernobyl plant which supplies 1.2 to 1.3 bKw-h per month. So far this winter it has produced 8 bKw-h of electricity, which otherwise would have required four million tons of coal.

In addition, gas deliveries fell by six billion cubic meters this year. The year before last by December we had consumed 80-82 million cubic meters, and a year ago 36-36.5 million cubic meters.

But the worst scenario pertains to heavy oil deliveries which are 15-20 percent below normal. We have only emergency reserves left, leaving unused some 40 percent of the equipment at thermal power stations. The situation is particularly bad at the Burshtyn, Ladyzhan, Trypillya, and Vuhohirsk plants, followed by Prydniprovsk and Kryvyi Rih stations.

[Brovchenko] People are using electric heaters and gas stoves at home and at work for heat, which defeats the entire purpose of conserving our energy resources. What's to be done?

[Semenyuk] True. As a result of the overload some one thousand transformer stations have been damaged in November. We haven't been able to repair them yet because of electricity is so cheap—cheaper than energy derived from coal and gas. Everywhere else household electricity costs 1.5 to twice as much as that made available for industrial use and people are less inclined to waste it. Currently, we have established a rate of 50 kopeck (Ukr.) for 75 KW-h of electricity for household use. Using any more will cost you 180 krb at cost-recovery rates. With 16 million households, it is impossible to monitor everybody's use, and everything depends on a sense of responsibility and integrity of the consumers.

[Brovchenko] That's somewhat utopian. We just got through building a communist society which was to be based on a high sense of responsibility of the citizens and found out that it doesn't work.

[Semenyuk] True. We should provide assistance for the poorer segments of the population and charge the wealthier elements a higher rate in order to control energy use. However, a proposal in this vein was not supported by the Council of Ministers.

[Brovchenko] So, your industry is short about 30 percent of the fuel it needs to meet the demand for electricity. Will some limits be placed on the use of electricity by consumers?

[Semenyuk] We will try to avoid this. We will also try to exclude the fuel industry, community and agricultural facilities, as well as processing, baking, meat and the dairy industries.

Machin engineering, chemical and metallurgical industries may be cut back by 40-50 percent.

[Brovchenko] What will altering the work schedules give you?

[Semenyuk] Reduce peak demands for electricity, although overall consumption will remain the same.

[Brovchenko] And what about television stations?

[Semenyuk] Curtailing their use saves 3.6 million Kw-h per day, or almost 80 million Kw-h per month, which is equivalent to 40 thousand tons of coal a month. If had enough fuel broadcasting hours would not have been curtailed.

[Brovchenko] It's a paradoxical situation. Your profits increase with increased usage of electricity and yet you have to advocate less consumption.

[Semenyuk] Unfortunately, that's the case. We cannot stockpile what we produce and production and consumption have to balance. That's why we count so much on a sense of responsibility of the population because of our problems with fuel supplies.

We could buy fuel from commercial suppliers, but that requires money. Our consumers owe us three billion karbovatni.

[Brovchenko] How much electricity is produced by hydropower stations?

[Bemanyuk] The output of Ukrainian hydropower stations is 4.7 million kW-h per year; gas-powered stations produce 4-5 percent of our electricity. A third is produced by nuclear power stations and 66 percent by thermal plants.

[Brovchenko] Still, do you lean to optimism or pessimism?

[Bemanyuk] I think we'll survive the winter.

**Coal Sector Unemployment Estimated**  
944K06934 Kiev PRAVDA UKRAINY in Russian  
3 Feb 94 p 2

[Article by Evgeniy Vyshkin, Candidate of Technical Sciences: "Unemployment: Who Will Miss the Best?"]

[Text] Some 80,000 unemployed were registered in Ukraine at the end of 1993. According to data from the state employment service, 337 enterprises are currently at the verge of bankruptcy, and if they are shut down more than 70,000 additional workers will become unemployed. This data does not take into account the so-called hidden unemployment, which is evident at hundreds of enterprises around the country.

The problem has come to the fore. Without delay, we must seek ways to alleviate it and help those who missed it best to adjust quickly. Society must carry out rational selection to ensure that the most able and qualified employees have jobs at various sectors of the economy.

The Ukraine State Committee on the Coal Industry has selected the first batch of 21 mines for a winding—i.e., a test of economic viability. The collectives were given targets for raising productivity and cutting costs in coal

as follows: we will either perish or find the means and the strength to save Ukraine. One of the main means for salvation is to solve the fuel and energy crisis. In this sector, coal has become the main resource of the country, since local production of gas covers only 22 percent of the country's needs and oil just 8 percent. This is why the stabilization and development of the coal industry has assumed vital importance. We need coal as much as we need bread. But this bread can no longer be purchased at the old price; otherwise, coal will become the destruction of the country, not its hope. This will clearly require a sharp change of the practices and outlook on employment that exist in the industry.

The outline for the development of the industry to 2005 states that layoffs in the industry will primarily be effected by closing down mines after their coal deposits become exhausted. It is also possible that some layoffs will stem from market processes, which may lead to the reduction of output and even closure of some mines.

According to calculations, the layoff process will accelerate from 1996 and will continue to 2003. But, evidently, the current catastrophic situation in the country's economy requires that the process of winding out unhealthy enterprises begin sooner.

Layoffs and retraining of employees for jobs in other industries is a normal process which accompanies the development of production. But in the coal industry it has been hampered by miners' demands that jobs be preserved. One leader of the Donetsk strike committees called job reductions an attempt by the government to "squeeze miners out of the pit." The State Committee on the Coal Industry felt that it had plenty of time—as pointed out earlier, job cuts in the industry were not planned to start before 1996—and did not address the issue closely. This was, apparently, also the reason why it turned down the proposal from the Ministry of Labor to draft jointly an employment program for the industry. Nor did it support

methodology for compiling social and professional classifications of workers. It will become a tool allowing enterprise managers and unions to use a consistent approach for assessing the abilities of different workers and for achieving social justice in the employment sphere.

**Reasons Against Odessa Oil Terminal Detailed**  
944K06384 Kiev UKRAYINSKA HAZETA  
In Ukrainian No 2, 20 Jan 94-2 Feb 94 p 6

[Article by Oleh Lytyeped, UKRAYINSKA HAZETA  
ecology correspondent: "Just 70 Grams Could Destroy  
Odessa"]

[Text]

Ukraine needs 40 million metric tons of oil. But this  
does not mean that it must have an oil transshipment  
complex near Odessa

At its meeting, the tender commission considered competitive bids for the construction of an oil terminal (known as the oil transshipment complex, or NPK) in the vicinity of Odessa. A majority of the commission members voted in favor of the bid submitted by the IVM company. The complex will be able to receive 40 million metric tons of oil per year. The construction of the first stage of this complex, with a planned capacity of 12 million metric tons, is to begin soon. But should we be in such a rush to begin building?

We will begin by examining the numbers that I consider to be most significant. These are official statistics. During the unloading process, the average amount of oil spilled into the sea is 70 grams per metric ton. This might seem like an insignificant amount. But what happens when you mul-

And what about human health? Those who have managed to catch such fish and eat it now lie hospitalized in cancer wards. The toxic components of oil can accumulate in huge quantities in fish.

Nor can we ignore the possibility of technical mishaps. Consider an accident along the 25-mile-long pipeline, an accident involving the equipment used to receive the oil. Finally, an accident involving an oil tanker.

Let us get back to statistics, which indicate that the number of such accidents is growing with each year. In 1986 there was only one accident that produced a large oil spill; in 1987 there were five, in 1988—21, and in 1989—391. The sea in the vicinity of Odessa resembles Dorybuvivka Street in Odessa itself. But the most that a collision between two pedestrians on Dorybuvivka Street can result in is an exchange of juicy invective, whereas a collision at sea in which a tanker hits something will spell tragedy for thousands, perhaps millions, of people. Supporters of the terminal respond to concerns about the threat of pollution to the sea by saying: we will call in the oil clean-up vessels and they will remove everything. But the director of the State Inspectorate for the Protection of the Black Sea, S.K. Dolyanskyy, is much more pessimistic on the subject: it is possible to remove only 10 percent of the oil that has been spilled.

Moreover, should one of our tankers "spatter" oil near some foreign shores, we will have to pay huge fines and compensation for serious losses. Not surprisingly, Turkey announced its unwillingness to allow our tankers to pass through its straits. The risk of collision in these narrow sea corridors rises manifold. It appears, therefore, that in our attempt to free ourselves of dependence on Moscow, we will end up just as dependent on Turkey. Just like in the old days, when our hapless betters sought the western's support against the war or the tur's against the calif. It will be a sad day if, after spending huge sums of money on



same amount of oil but spend a lot less money if we opt for reconstruction. In addition, this will be safer, because in the event that "something happens," up to 90 percent of the spilled oil can be removed in the closed area of the port, and the rest will pollute only the port. The personnel of the Odessa port submitted its proposals to all the institutions concerned, but for some reason no one was interested. Could it be because they would have to travel to Odessa to negotiate this matter rather than to England?

Another way to prevent accidents is to reduce the tonnage of oil tankers. Instead of the planned tankers with a capacity of 100,000-150,000 metric tons, we need tankers that will hold one-third as much. Such vessels can be built at our own shipyards—in Karch, Kherson, and Mykolayiv. But for some reason, Ukraine is placing orders for its tankers in the Federal Republic of Germany instead. Our countrymen are left jobless. The Ukrainian government is planning to feed German shipbuilders. Why? It is up to the Security Service to determine the reason. At the same time, it should assess this whole project from the standpoint of security. The terminal can prove a tasty morsel for terrorists—homegrown and foreign alike. Put the sea portion of the terminal out of service and the whole country is left without "black blood." The shore facilities are even more inviting—they stand next to the Odessa port plant (pyr-porovyy zavod). In addition, the burning oil will produce clouds of ammonia, which will transform Odessa into a cemetery within hours. Our military has considerable experience in the operation of terminals. If the need is really so great, it makes more sense to use the existing

second refinery, closer to the entrance. The pump at the terminal itself include an outport. This facility is designed for exporting not for importing. Here is what it boils down to: the oil is shipped to us, we refine it, give 90 percent to the owner of the oil and keep the rest for ourselves. Plus all the smoke, dust, etc. In other words, we are paying with the lives of our people to solve the "gasoline" problem. Just like any human republic. We will sell the health of our citizens, but in exchange we will be able to feed them so that they do not strike and do not demand early elections to the Supreme Council.

For Ukraine, oil means its existence and independence. But finding this oil must be left to people who are wise and who are patriots of the land on which their children and the children of their children will live after them.

## INTERNATIONAL AFFAIRS

### Implications of Supreme Council START I Ratification

#### Economic Aspects of Issue

94WCD00064 Moscow NEZAVISIMAYA GAZETA  
in Russian 5 Feb 94 p 3

[Article by Vladimir Shachkov]

[Excerpts] On 3 February 1994 deputies finally managed to begin discussing President Leonid Kravchuk's proposal on Ukraine's accession to the Treaty on the Nonproliferation of Nuclear Weapons as a nonnuclear state, and on

exchange certificates of ratification of the START-I treaty and to concurrently begin the work of signing specific agreements on the procedure and conditions of Ukraine's nuclear disarmament, foreseen by other stipulations of the 16 November parliamentary decree. A decision was made not to examine the matter of Ukraine's accession to the Nonproliferation Treaty as a state not possessing nuclear weapons until special discussion of the text itself of the Nonproliferation Treaty in parliament.

It is now becoming obvious that on one hand Ukraine has taken yet another step in the direction of the world community on the road of nuclear disarmament, since it lifted its parliamentary stipulation concerning Article 5 of the Lisbon Protocol, which requires Ukraine's accession to the Nonproliferation Treaty as a nonnuclear state. As we know, it was stated in that stipulation, dated 16 November of last year and designated as No 3, that "Ukraine does not consider itself to be bound by Article 5 of the Lisbon Protocol." But now this stipulation has been lifted, and Ukraine has declared its readiness to fulfill the Lisbon Protocol.

However, on one hand Ukraine is clearly in no hurry to exchange ratification certificates on the START-I treaty, since other stipulations of the said decree, which foresee the signing of a number of international agreements, remain in effect. Among them are agreements on international guarantees of Ukraine's national security, on the

internal political life of Ukraine and to the world community. In its opposition to executive power and the president, by collective effort the parliament took at least three important steps: The image of Leonid Kravchuk as the sole peacekeeper and unquestioning proponent of Ukraine's nonnuclear status was severely shaken in the eyes of the Ukrainian public. The Supreme Council confirmed that blame for the current economic situation, which has placed Ukraine on the brink of nationwide catastrophe, lies not only with the parliament but also with the president, and ultimately it "charged" Leonid Kravchuk to do more concretely and more swiftly something he doesn't like very much and doesn't want very much, and namely, to sign international agreements advantageous to the country.

And in the international arena, by accepting the Lisbon Protocol the Ukrainian Supreme Council is forcing the world community to choose: Either go on with the policy of pressure on Ukraine and demand its adoption of the Nonproliferation Treaty, or finally start helping Ukraine materially, and offer specific guarantees of security.

#### Dubious Victory for Kravchuk Seen

94WCO0308 Moscow NEZAVISIMAYA GAZETA  
in Russian 5 Feb 94 p 3

[Article by Vitaliy Portnikov]

[Text] Ukrainian President Leonid Kravchuk finally announced to the Supreme Council to ratify the

(in Crimea) gave the Ukrainian leader a good idea of how fickle the sympathies of voters are, and how they "love" centrism today. By the way, Leonid Kravchuk has been taxed by yet another ordeal—a meeting with the new Crimean president, Yuriy Meshkov.

**Ambassador Calls Spy Charges 'Absurd'**  
944K06694 Lvov ZA VILNU UKRAYINU in Ukrainian  
27 Jan 94 p 1

[Article by Hennadiy Udovenko, ambassador extraordinary and plenipotentiary of Ukraine to the Republic of Poland: "Absurd Charges: The Position of the Ukrainian Embassy in Warsaw on the Case of Major A. Lyenko"]

[Text] On 19 January a trial began in the military court of the Warsaw Military District which attracted the close attention of the mass media not only of Poland but also of other countries. SBU [Security Service of Ukraine] Major Anatoliy Lyenko and Polish citizen Janusz Bojaraki, accused of espionage activities against Poland, are on trial. According to the official version of the Polish military prosecutor's office, which has been carried by the mass media, Ukrainian intelligence officer A. Lyenko engaged in espionage activities against Poland and recruited J. Bojaraki as a secret agent. The latter passed on to A. Lyenko information on so-called "white intelligence," in particular "on the economic and political situation in eastern voivodships, theological seminaries, the bishops of Przemysl, and so on."

Immediately after the arrest of Major A. Lyenko (which took place on 23 August 1993), the Embassy of Ukraine in Poland established contact with him, and literally from the first to the last day regularly held meetings and conversa-

criminal activities in the border rayon, as well as for reviewing issues associated with rehabilitation of the victims of political repression.

His arrest as a spy cannot even be considered a misunderstanding or a consequence of the Polish special services being poorly informed. This looks much like a provocation, the objective of which is to sow discord in Polish-Ukrainian relations, whose favorable development is disliked by some.

Staff members of the Ukrainian Embassy in the Republic of Poland met with A. Lyenko seven times in prison in Rosnow and in prison in Warsaw on the eve of the trial. He gave the impression of being a depressed, broken, and very frightened or perhaps terrorized man. He was very concerned about the fate of his seriously ill 14-year-old son. He said that he was being intimidated with imprisonment for many years, and with being punished even more severely in Ukraine if he returned there. During one of the visits he said that it had been suggested that he renounce his Ukrainian citizenship. In return for this, he would be freed, would be able to stay in Poland and bring his family over.

The question arises: of whether Major Lyenko was arrested with a view to forcing him to betray the motherland, or whether the special services invented this later as a salutary way out of the unsolvable situation they found themselves in when they failed to fabricate a "spy" case.

The military court considering the case of A. Lyenko and J. Bojaraki announced that the trial would be open and allowed journalists to attend the trial. The court rejected the protest of the prosecutor, after all. Perhaps the prosecutor did not want witnesses to see a "spy affair" that has been inflated by the mass media to the level of an interna-



smugglers in Mostiskiy Rayon. Besides, he wanted to determine which of the Ukrainian customs officers were allowing the contraband through in exchange for bribes.

The major did not manage to uncover the nonferrous metal thieves. However, a good relationship developed between him and Bojarski based on mutual services. A. Lyenko gave J. Bojarski passes with which the latter went through customs out of turn (at the time one would have to wait two or three days in line), while Bojarski brought the major citrus fruit for his sick son and merchandises from Poland.

Polish special services learned about the contacts between Bojarski and the ZBU officer, and he was arrested in June 1993.

On 23 August 1993 Major Lyenko and his entire family went to Przemysl, where his son was supposed to be seen by a Polish specialist before surgery (already his fourth). He was arrested by functionaries of the Polish Security Service immediately at the border crossing.

He was accused of recruiting Bojarski as a secret agent, directing his espionage activities, and receiving needed information.

The charges of espionage against A. Lyenko and J. Bojarski are absurd. However, it was important to someone that this case be widely publicized through the mass media and presented in the light of a sensational espionage affair. It was precisely in this context that Ostankino also reported it, even after the second day of the proceedings, after the entire case had been clarified.

## **BELARUS**

**Implications of Shushkevich Ouster Studied**  
944K0687A Moscow LITERATURNAYA GAZETA  
in Russian No 3, 2 Feb 94 p 1

[Article by Anatoliy Kniolovich, LITERATURNAYA GAZETA correspondent: "Belarusian Recall: It Cannot Go Unnoticed When the Position of the Democrat S. Shushkevich Is Filled by a Militia General"]

[Text] Late in the evening on 26 January 1994 in the Oval Hall of the Supreme Soviet of the Republic of Belarus, among a small group of like-thinkers from the former party nomenclature the power of the Communists was finally restored. As a result of a secret vote (in booths), the chairman of the Supreme Soviet, S. Shushkevich—the only "new face" on the republic's political Olympus—was recalled.

Most of the people took what happened calmly; there were no heated rallies on the squares. What happened was no surprise to the people because they knew their parliament.

The parliament of Belarus is a unique phenomenon of modern times. It is the largest in the world (in terms of the number of members of parliament per capita) and the last on the territory of the former USSR to be elected under the leadership of the CPSU. Only in the Belarusian parliament are there people who got there through quotas of public organizations and, naturally, the Communist Party. The revival of the relic could have occurred at any time—all that was needed were favorable conditions.

The occasion was the arrest in Minsk of two ideological soulmates from Lithuania—Burckjavicius and Ermalevicius. Everyone knew that the former leaders of the Communist Party of the neighboring republic were living in Belarus. They were hidden, as it turned out, quite professionally, with the help of Belarusian Communists, who were constantly moving from one conspirator's apartment to another's.

Having isolated itself from the people for a week, the Belarusian parliament expressed its international solidarity with the two like-thinkers, demanded their return to Belarus, and at the same time demanded the firing of the internal affairs minister and the KGB chairman. Certainly not because they committed certain procedural transgressions when arresting and exiling the Lithuanians. The procurator general named a more serious blunder: He had verbally sanctioned the arrest (which he admitted, although not immediately). But parliament scolded him and let him stay in his post. And the generals who were fired were paying for the fact that two months earlier they had had the audacity to write an open letter to the Supreme Soviet in which they protested the Council of Ministers'

personal indiscretion." This was suggested by the chairman of the temporary commission of the Supreme Soviet "on corruption," a people's deputy and sovkhos director, Aleksandr Lukashenko—a rank-and-file participant in the political action to remove Shushkevich.

The farmers' newspaper NOVAYA ZEMLYA conferred on Lukashenko the title "person of the week." His report on corruption presented a mixture of generally known facts, slander, rural hatred of another's good fortune, and ideological garbage. The sovkhos director dug up inaccuracies in the documents of the repair and construction administration of the Council of Ministers, which had repaired Shushkevich's apartment and dacha and had placed a marker on his mother's grave. Not considering it necessary to hear the accused out, the parliamentary relic rejoiced: Get that mafia chieftain out of our ranks!

By the loudish fist of Lukashenko the party and state nomenclature, united by ideology and corruption, eliminated from parliament the foreign element—Shushkevich. To make the fist more deadly, troops obedient to the Council of Ministers were brought to the Supreme Soviet twice (illegally).

But the Communists still would not have dared to remove Shushkevich (there were no clear-cut reasons and his ratings with the public were high) if external conditions had not been favorable—Russia. It is a clear pattern: When there is a political storm in Russia, there is political calm in Belarus. Here people are waiting to see how things end there. And then they will act accordingly.

It is possible to see Russian processes in Belarus without a magnifying glass. So the Minsk version of the restoration of communism is quite plausible in Moscow.

The success of the Russian Communists in the elections and the departure of Gaydar and Fedorov—these were animating factors in the revival of the Belarusian Communist relic. It never was an independent organism. Having gained sovereignty, it lost its head and froze in inaction. The structural rearrangement of the national economy in Belarus was never begun. The reforms were merely declared. The land is "public." The gigantic plants imposed on the republic by imperial division of labor are standing idle without raw material, batching items, or wages. The "rabbit" is rapidly growing thin. The population is becoming impoverished: Belarus has the lowest per capita income in the CIS and the most expensive meat.

The main point in the government "program" has remained unchanged for several years: "to restore economic ties with Russia." That is, to restore everything to the way it was before. "Economic alliance," "unification of monetary systems"—in the minds of Belarusian strategists

Belarus—who hate him because of the “Belovushka conspiracy” and are nurturing plans for the restoration of the USSR.

As soon as Shushkevich was sent away, Council of Ministers Chairman V. Koshich, making no secret of it, said that he saw a “clear” association behind the economic union with Russia. And he expressed joy over the absence of Gaydar and Fedorov, who will not get in the way now. And he immediately announced his idea of reorganizing the entire system of propaganda and agitation: “We will take command of the mass media.” He did not take such liberties under Shushkevich—was he embarrassed or something?

S. Shushkevich is an undoubted loss to Belarusian democracy and national revival. With all of his shortcomings (inconsistency, gentleness), he was the guarantor of an intelligent and civilized parliament. Shushkevich's departure from the political Olympus signifies a decline of its moral-ethical level. The youth in parliament distinguished themselves by special cruelty during the process of the assault on Shushkevich. The “public” elders passed the communist baton on to them.

The nomenklatura generated an organic particle of itself to replace Shushkevich. Comrade general. It should not have been otherwise. It was predictable that the nomenklatura would rely on trouser stripes and shoulder boards—on force. Mechyслав Hryb was elected chairman of the Supreme Soviet of the Republic of Belarus (by a secret vote, in booths). He is 57 years old. He is a militiaman by education and career. He rose to be chief of the internal affairs administration of Vitebsk Oblast. He headed up the permanent commission of the Supreme Soviet on questions of national security, defense, and fighting crime.

M. Hryb is a completely unknown, lackluster personality in Belarus. He is a person without a program of his own. He stated that the program had already been developed by the Supreme Soviet and is being implemented by the government, which he supports. He has stated that the foreign policy of Belarus will remain the same. But there will be adjustments: a) Belarus will ratify the Treaty on Collective Security Within the CIS (Shushkevich put forth reservations); b) Belarus will no longer talk about pure neutrality since such a concept does not exist; c) Belarus is in favor of the speediest and closest union with Russia (Shushkevich spoke more about an equal economic partnership)...

The people are trying to guess which he will be called: MeCHYslaw or MecheSLAW. Announcers use both versions.

## MOLDOVA

### Liberal Convention States Support for Reform, Independent Candidates

944K0654A Chisinau NEZAVISIMAYA MOLDOVA  
in Russian 18 Jan 94 p 1

[“Statement of Liberal Convention of Moldova Republic Council”]

[Text] The Liberal Convention of Moldova, which emerged as the result of the unification of the efforts and will of

people aware of their responsibility for the further fate of the democratic reform, cannot remain indifferent to the process of the creation a new supreme legislative body of the country, on which the direction of the further development of Moldova as an independent state will depend to a large extent.

At this pivotal stage of Moldovan history a return to the old ways and the forms of the organization of society and management of the economy which have exhausted their possibilities cannot yet be completely ruled out. Reactionary-conservative forces, gambling on the masses' fatigue from the inordinate politicization of life of recent years and nostalgia for the “replete” Brezhnev years and presenting as democracy the arbitrary action in economic activity and the lack of respect for the order established in society not without the participation of representatives of these circles, are nurturing the hope of exacting vengeance. In the absence of resistance on the part of real democratic and progressive forces, which remain fragmented and frequently in thrall to their corporate interests and ambitions, the parties and movements of a manifest or concealed pro-communist persuasion are endeavoring to make all of us hostages of the times of stagnation, unfinished undertakings, and their own ignorance.

However paradoxical, the conservatives are being rendered the utmost assistance by social and political organizations and parties which appeared in the political arena following the split of the People's Front. Having monopolized the right to call themselves “democratic” and having pinned on themselves all possible designations, they are essentially far removed from a constructive approach to the accomplishment of the economic, social, and political tasks confronting the people of Moldova and are, as before, committing the sin of populism and posturing, idealizing individual aspects of our historical past, and remaining captive to their vision and understanding of the events of recent years to the detriment of a reasonable approach to a surmounting of the crisis in which the country has found itself.

The social and political reality of Moldova is manifesting increasingly distinctly the main trends in the activity of the following political formations:

- 1) right-liberal geared to the continued reform of society and the creation of a full-fledged multiparty political system and a market economy;
- 2) left-conservative endeavoring overtly or covertly, while employing market rhetoric, to take the republic back to the administrative-directive system and to the old forms of government customary for the nomenklatura;
- 3) forces opposed to the independence and statehood of the Republic of Moldova, both pro-unionist and pro-Soviet, for which ideological orientation is secondary and is replaced by posturing and outright populism.

Under these conditions the Liberal Convention of Moldova, advocating further constructive and specific steps on



ciples and endeavor of the Convention to contribute by actual deeds to the continuation and intensification of the progressive transformations and reforms in Moldova and to an imperative nature being imparted to this process.

While not questioning the right of the presidium of parliament and the election commission to limit in this way or the other the right of political organizations to participate fully in the formation of the representative authorities, the Liberal Convention nonetheless attributes these decisions to the imperfection and immaturity of society's democratic institutions.

All independent candidates registered by the Central Election Commission, sharing the program principles of the LKM, and prepared to contribute with real action to their implementation, may call 24-07-04 or 22-61-43 to obtain additional information.

[Signed] Liberal Convention of Moldova Republic Council

#### **Liberal Convention Issues Basic Platform Principles**

944K0654B Chisinau NEZAVISIMAYA MOLDOVA  
In Russian 18 Jan 94 pp 2-3

["Basic Program Principles of the Liberal Convention of Moldova": "Via Liberal Reforms Toward a Free and Prosperous Society"]

[Text] The disintegration of the Soviet Union brought about the historical and political prerequisites for the acquisition by the people of Moldova of real independence and the realization in practice of the legitimate right to self-determination and the creation of their own statehood.

The liberalization of social and political life in the republic and individual measures geared to a reform of the economy initiated movement toward a new condition of society based on a market economy and political pluralism. But the half-baked nature of the measures adopted

long-range and fundamental goals of the country's program of transformations at the macro- and microeconomic levels, renewal and a new quality of Moldova's socioeconomic development will not be achieved.

In the absence of mature political parties and democratic traditions in Moldovan society, an effective instrument of the democratic reform of the country in the initial phase of the formation of the civil society are the state and its power structures. The Liberal Convention of Moldova regards power as a real opportunity for and the basic lever of implementation of comprehensive programs of transformations on the basis of liberal doctrine and with regard to the specific and salient features of Moldova.

These program principles, which have been made the basis of the activity of the Liberal Convention of Moldova and which contain the main directions of further liberal reforms in the political, economic, and social spheres, could contribute to a stabilization of the situation at the transitional stage and impart new impetus to the country's development on the path of democracy and progress.

#### **Freedom Under the Conditions of Order—Toward an Efficient Law-Based and Democratic Society**

In the political sphere the Liberal Convention considers a principal goal the strengthening of the statehood of the Republic of Moldova and the country's further development as an independent, sovereign, and democratic state.

The Moldovan people's right to statehood is the right to the preservation of its distinctiveness and the creation of the necessary conditions for the more than 4.5 million citizens of different nationalities of the republic, who are capable only by joint efforts of extricating society from the crisis, stabilizing the situation, and creating living conditions for the present and future generations which are worthy of man at the end of the 20th century.

It is important to adopt national features of Moldovan statehood, ensuring simultaneously the principle of equal

of power for the purpose of assurance of the operation of the constitution and laws of the country and the rights and liberties of its citizens.

An improvement of the institutions of the state presupposes primarily a delineation of the political and economic authorities, a decisive reduction in the role and influence of the state as a subject of economic relations via active privatization and the growth of nonstate property in the economy, the increased competence and responsibility of employees of the machinery of state, and effective control of the executive structures on the part of the organs of representative power.

In the immediate future the state will retain the functions of regulation at the macroeconomic level, in the main, ensuring a reasonable proportion between the economic liberty of the members of society and directed influence in accordance with the economic and social programs of the governing majority.

The principle of interethnic accord and the settlement of disagreements by the peaceful, democratic path should be a fundamental proposition of the state's domestic policy. This would permit the positive resolution of the problem of social stability and ensure a dynamic balance of the interests of the multinational population of the republic.

On the other hand, consistent and decisive measures of the power structures in respect to the use of constitutional means to ensure the territorial integrity of Moldova and the unity and inviolability of its territory are essential.

The resolution of the conflicts in the Dniester region and the south of Moldova based on the maximum consideration of current realities and strictly in accordance with the rules of international law, the principles of the European process, and UN decisions is a principal condition of the restoration of sovereignty throughout the territory of the republic and of peace and tranquility in the republic.

The decentralization of state power, the transfer of managerial functions to the local government authorities, their release from the tutelage of the "center," and the legislative enshrinement of these principles in the course of administrative-territorial reform would make it possible to organize the more precise interaction of the authorities in the center and locally on the basis of a delineation of authority and to enhance the efficiency of the power structures in the defense of social interests.

A principal function of the state should be realization of the right of the citizen to be a proprietor, the optimum conditions for free competition, and the surmounting of monopoly trends.

The continued democratization of society means first and foremost the creation and assurance of the normal activity of a civil society. The formation of a protected environment for the freedom of the individual and the subordination of political and state power to a community of free people via the consolidation of the institutions of the civil society—social and political organizations, societies, and citizens' associations, nonstate organizations and institutions, and so forth which aim at the support and protection

of the autonomy, initiative, and responsibility of each individual and people's creative activity—could impart an irreversible nature to the progressive transformations.

The gradual return of the functions usurped by the state to a self-governing civil society, the establishment of limited administration and the minimum state jurisdiction under the conditions of the existence of a clear-cut legislative base and assurance of the efficiency of the law-and-order authorities and the state authorities as a whole would make it possible to realize in practice the principle of freedom under the conditions of order.

The creation and assurance of the efficient functioning of a multiparty system and subsequent elections to the country's parliament on a multiparty basis would make it possible to enhance the degree of responsibility of the power structures, and a real instrument of opposition to political voluntarism and totalitarian tendencies would arise. A parliamentary system and the mature, responsible approach of the political parties to support for the efficiency of its activity would afford an opportunity for the resolution of social contradictions in civilized fashion, in the interests of the majority, and with maximum consideration of the opinion of the minority. These real prerequisites for a qualitatively new level, social stability, and the consolidation of the multinational society would emerge. A constructive opposition to the authorities would be created via the multiparty system, which would enable the latter to take account of the diverse interests and social expectations of different strata and groups of society.

Aside from the creation of a civil society and assurance of the functioning of a multiparty system, further democratization includes the following aspects:

the real separation of the branches of power to prevent the authorities' slide toward political voluntarism and the tendency to establish an authoritarian regime of government;

the realization at all levels of activity of the political system and state power of the principle of political liberalism, which contributes to control of the authorities on the part of society and of the "managers" on the part of the "managed";

the building of an effective state based on the rule of law and a defender of the rights and liberties of the citizen. The consistent conversion of the interventionist state and the legacy of the totalitarian regime into a management authority and state administration;

the adoption of a constitution of the Republic of Moldova—the charter of power and the basic voluntary compact between the individual and the state;

the improvement of legislation to create the legal conditions for the realization in day-to-day practice of the fundamental values of liberalism;

the creation of a climate of broad cooperation among all political formations and social and political organizations of Moldova of a liberal-reform persuasion for the surmounting of reactionary-conservative trends still capable

of winding down the reforms in society that have begun and restoring the totalitarian regime in an individual post-Soviet republic;

maintenance of a high moral and ethical level in political activity and in public life as a whole without renunciation of particular principles and consistency in their defense.

The pursuit of an active and consistent foreign policy and a guarantee of national security are a most important function of the young Moldovan state.

The world community's recognition of the Republic of Moldova as an independent state and the country's membership of a number of international organizations have created for us a qualitatively new situation, where the foreign policy course, reflecting national-state interests, is developing in accordance with the principles of the United Nations and the European process, the rules of international law, and values common to all mankind.

The particular features of Moldova's geopolitical location in the south of East Europe, the ethno-demographic composition of the population, and the economic and defense potential of the country predetermine political and diplomatic means as the basic means in assurance of the security of the republic at the complex stage of its development as a new European state in the post-totalitarian era. The maintenance of friendly and mutually beneficial relations with contiguous states, primarily with Romania and Ukraine, which are for us the gates to the West and to the East, is of exceptional significance for Moldova.

The common ethnic roots, language, historical past, and culture objectively predetermine the priority relations of the Republic of Moldova and Romania. The Liberal Convention advocates the surmounting of the excessive politicization of Moldovan-Romanian relations and the consistent expansion and intensification of mutually profitable trade and economic, cultural, and other relations between the two states. By joint and concerted efforts we would succeed in ridding ourselves more quickly of the sinister legacy of totalitarianism and dictatorship engendering radical nationalism and nostalgia for the past.

Relations with Russia remain a most important issue of Moldova's foreign policy. They should be built on the basis of respect for the sovereignty and territorial integrity of the two states and the development of mutually beneficial relations in the economic sphere and science and culture. The exclusion of double standards and pressure in the solution of questions of a political nature and interference in internal affairs and, in particular, the withdrawal of Russian troops from the eastern parts of the republic and a resolution of the Dniester conflict in accordance with the rules of international law could consolidate Moldovan-Russian relations.

Paramount significance, particularly at the transitional

Moldovan commodities and supplies of energy and raw material on terms beneficial to the republic.

It is essential to stimulate Moldova's affiliation to the integration processes in Central and East Europe and the countries of the Black Sea in order to obtain access to the dynamically developing capital, technology, raw material, and industrial commodity markets. The formation and development of all-around cooperation with the United States remains an important strategic direction.

Multilateral contacts and effective participation in the activity of international organizations—the United Nations, CEC, IMF, World Bank, GATT, the International Bank for Reconstruction and Development, and others—could contribute to a stabilization of the situation in Moldova and emanate logically from the policy of the openness of Moldovan society and the assurance of economic and national security.

A most palpable threat to the security of Moldova and to the republic's existence as a sovereign state is the expiration of certain influential circles of Russia to restore the former communist superpower within its previous borders. This threat, which acquired real outline following the victory of the Russian nationalist radicals at the recent parliamentary elections, can only be resisted by Moldova's active participation in the creation of an all-European system of security under the aegis of the CEC. A broadening of contacts with the North Atlantic alliance, which has an interest in the prevention of regional conflicts and in the assurance of stability on the old continent, is in Moldova's interests in this context.

A precise ascertainment of the structure of the real and potential threats to the country's security and independence should form the basis of the determination of the level of sufficiency and the organization of the armed forces of the republic and the determination of their manning level and the nature of their provision with equipment and arms. It is essential to bring the system of national security into line with the principles of the law-based, democratic state and the rules of international law, considering national-historical traditions and world experience.

The army of the Republic of Moldova is not only an attribute of statehood but also a real force for countering potential military danger and our specific contribution to the European security system which is being created.

The gradual and planned transition to professional armed forces smaller in size and providing for a high level of combat readiness would make it possible to accomplish efficiently the assignments confronting the army and to reduce appreciably the burden of military spending.

Toward an Efficient Market Economy Via a Surmounting of the Crisis, Stabilization of the Situation, and the Realization of Comprehensive



in the transition to a market economy which are difficult even for an economy which is developing in stable nations: a halt to the decline in production and the reduction in the gross national product and the drop in society's living standard, a surmounting of the structural and technology gap, and continuation of the transition to a market economy.

The Liberal Convention considers as the main causes of the intensification of the crisis in the economy the following:

1. An orientation toward the production and sale of agricultural raw material and its primary processing is predominant in the agro-industrial complex. The republic's industry, with the rare exception of individual enterprises, is in a neglected state and is practically unadapted to independent economic activity under the new conditions. All that is produced in the country and intended for export is barely sufficient to cover expenditures on the purchase of raw material and energy outside of Moldova. Hyperinflation is being imported together with them from the CIS countries.
2. The comprehensive and phased transfer of the economy to market mechanisms of the regulation of production activity is chronically behind schedule. The state retains, as before, the plenitude of power in the economic sphere, gravitating toward the customary administrative-command means and levers of control and engendering thereby voluntarism and, frequently, an inappropriate response to changing economic realities.
3. The half-baked nature and contradictoriness of the measures in the sphere of privatization and the fruitless waste of time in arguments about the forms and means of the denationalization of state property, instead of the creation of effective levers and the infrastructure of the engagement of private initiative—individual and group—in the accomplishment of national economic tasks, are imparting a chronic nature to the economic crisis.
4. Instead of stimulating small and medium-sized business and the process of the original accumulation of capital and its subsequent investment in the production sphere, the state, via a tax system of a manifestly confiscatory nature, is suppressing private initiative and provoking the mass drain of capital outside of Moldova. This is causing a chronic shortage of consumer goods and hyperinflation.
5. The sluggish nature of foreign economic policy, the absence of new markets for the sale of Moldovan products and imports of raw material and energy, and an incapacity for attracting to Moldova foreign investments in the sectors where this is justified by a lack of resources and progressive technology are making the situation in the economy worse.
6. None of the last three Moldovan governments has had a program, precise and considered in detail, of a way out of

the economic crisis.

7. The legislative base, which was originally created for support of the transition to the market, is frequently of a general nature and does not reflect the normalities and salient features of Moldova or a specific model and concept of transformations. The prerequisites for a free interpretation of the laws and the appearance of a mass of legally binding enactments creating an atmosphere of uncertainty in the majority of subjects of economic relations are being created hereby.

An appreciable and positive role in the solution of the entire set of economic questions could be performed by foreign investments. The experience accumulated in the last three years testifies that it would be a mistake to rely exclusively on economic assistance from outside. The basis of an anticrisis program should be the stimulation of domestic manufacturers and investors. Assistance will be rendered to those who have shown their capacity for working efficiently and those who save and invest in the development of production and contribute to the creation of new jobs in all spheres of economic activity.

Ralliance first and foremost on our own potential possibilities, a policy of the coordination of efforts in the sphere of the economy with the CIS countries, and the attraction of foreign investments to the spheres in which it is impossible to overcome the crisis phenomena thanks to our own potential could set the necessary directions for overcoming the crisis.

The second strategic direction consists of the choice of the correct priorities for surmounting the technology gap and providing for the structural reorganization of the economy. In the sphere of material production the priorities for Moldova are:

the situation of the market in short order with food and consumer merchandise;

the creation and modernization of the technological and production base of the processing of agricultural products and the production of competitive foods;

the structural reorganization and, where necessary, the conversion of the former defense enterprises of industry and the development of research-intensive and energy-saving works;

the solution of questions of the republic's stable energy supply and supplies of the necessary quantity of energy resources;

an expansion of the production of building materials using local raw material and a buildup of the facilities of construction and building materials industry, primarily for the erection of housing;

the formation of a modern infrastructure—transport, communications, power engineering, tourism, and a hotel network.

The main driving force of the special programs at the macro- and microeconomic levels should be the active denationalization and privatization of property and the large-scale inclusion of private initiative and free enterprise in the accomplishment of economic tasks combined with the regulatory role of the state.

It is essential to formulate clear stages of the reform of the economy, moving from a stabilization of the situation to a full-fledged market model integrated in the world system of economic relations.

The first stage is 1994. The main task: saturation of the consumer market with commodities, which is a principal condition of the assurance of social stability and the continuation of market reforms.

The means and mechanisms of the accomplishment of the said task are:

- the active and large-scale privatization of small and medium-sized enterprises, facilities of the service sphere, and housing. The creation of an infrastructure for the support of efficient investment and the free movement of capital; securities markets, trust companies, investment funds, and so forth;

- the channeling of the resources obtained from privatization into the creation of a liberal fund for the support of the private sector and the stimulation of the initial accumulation and investment of capital in socially significant production sectors of the economy;

- the abandonment of a fiscal tax policy of total confiscatory taxation and the flexible use of economic levers to stimulate investments in the economy of the republic and prevent a drain of capital abroad;

- the liberalization of export and import activity and regulation of commodity-supply exports and imports by economic measures and the abandonment of rigid bureaucratic administration of trade and economic relations with other countries;

- the pursuit of an active antitrust policy and the stimulation of competition on the domestic market and the production of high-quality goods for export;

- the concessionary taxation of investments in the production sphere and in the priority areas of the development of industry, agriculture, and consumer service;

- the local concessionary transfer and long-term lease and sale of land to foreign investors on the strength of progressive engineering designs (model farms, processing complexes, and so forth);

- the creation of free economic zones to attract foreign investments and modern technology, the creation of jobs,

the creation of comprehensive government programs of the creation of the zones and the legislative endorsement of the conditions of their activity;

- the preservation of profitable agricultural enterprises and their conversion into stock companies. The denationalization of unprofitable production units and their conversion into private and cooperative enterprises and effective assistance to them at the stage of the formation of new forms of management in agriculture;

- the creation of the necessary base and infrastructure for agrarian reform; specialized banks, exchanges, investment funds, production of agricultural equipment, and so forth;

- an increase in the efficiency of the use of the research potential of Moldova and the development of venture enterprise providing for high returns and rapid savings.

Development of the agro-industrial complex of Moldova and its consistent and decisive reform and also measures to saturate the consumer market with foodstuffs should remain a principal strategic priority.

A key issue in this sphere is the development of small-scale rural processing industry. Utilizing economic levers, the main thing is to ensure the necessary investments for the construction or equipping of a designed number of small and medium-sized enterprises on the basis of compact equipment capable of manufacturing in situ a high-quality end product.

This would make it possible to reduce losses of agricultural raw material and create additional and prestigious jobs for the rural population. The funds of shareholders in the person of agricultural enterprises with mixed capital, private investments, and government resources would be mobilized to this end.

The destruction of the hulkhouse (stock companies) and the mass privatization of the land and fixed capital in the agrarian sector would be an unforgivable mistake. Consistent and carefully considered measures ensuring the proportionality and competition of all forms of ownership are needed more here than in any other sphere of economic activity. At the initial stage of comprehensive agrarian reform the state should render private initiative and the private farms effective support, creating for them the optimum conditions of activity and the prerequisites for healthy competition to emerge.

The government should draw up as quickly as possible a program of the attraction and utilization of foreign investments and of the importation and assimilation of modern technology with regard to the chosen strategy and priorities.

At the second stage (1995-1999) the denationalization of large-scale enterprises and their conversion into stock companies with the equal participation of the state as a

Important content of this stage is the formation of the fledgling market relations should be new driving forces and stimuli of the development of the economy: the genuine freedom of all commodity producers, the engagement of full-fledged market mechanisms, land reform and the rational use and conservation of natural resources, and the effective incorporation of free economic zones in the country's single economic complex.

This stage will be characterized by the formation of developed commodity and currency markets and other markets—capital, manpower, securities, intellectual property. A competent personnel corps in the field of domestic and international business will gradually be created. Altogether these measures will create the necessary prerequisites of the normal functioning of an open-type market model of the economy with the minimum intervention on the part of the state and based on private initiative and competition protected by law.

Problems of the budget deficit and the convertibility of the national currency will be resolved as the market relations are built.

The surmounting of the extensive development of the economy and a rational approach to the utilization of natural resources, primarily the land and energy- and resource-saving technology, will create real prerequisites for the restoration of the upset balance in nature and make it possible to realize directed measures for protection of the environment also.

The strategy of transition to a market economy should be the economic ideology of the whole of society, of everyone who considers Moldova his homeland and is prepared to share with it the burdens of the transitional period and the joy of future well-being.

### Lowering Tension in Society and Social Development

Questions of social development are closely interconnected with society's achievement of a particular level of economic well-being making it possible to provide for the redistribution of material and financial resources for a solution of questions of a social nature. The saturation in short order of the consumer market with food and industrial commodities would create the prerequisites at the initial stage of the reforms for a lowering of social tension and the restoration of normal conditions for a stabilization of the situation in the economy. On the other hand, a reduction in the inflation hitting constantly at personal income could also stabilize the situation not only in the economy but in society as a whole as well.

There is no doubt that as long as the republic is in a state of protracted economic crisis and until effective measures to get the better of inflation have been adopted, only irresponsible populists and political adventurers could promise a solution of absolutely all social questions.

conditions for the disabled and needy strata of society—retirees, the handicapped, large families, and teenage youth. Strict consideration of the level of inflation and a timely increase in pensions, grants, and allowances;

prevention of a decline in research, culture, education, and health care and government subsidies for them;

stimulation of the creation of jobs and the assurance of social safeguards against unemployment;

the development of diverse systems of insurance, private included, for the creation of additional channels of social protection.

Provision will be made for these areas of social protection primarily from budget appropriations, the resources of the funds that are created, and with the help of government stimulation of philanthropy.

Throughout the stabilization period, public medical services and education will remain free of charge. The subsequent and gradual introduction of private medical establishments and educational institutions must be undertaken so as not to be in any way detrimental to the general educational level of the citizens.

With regard to the structural transformations in industry and agriculture close attention needs to be paid to the system of the retaining of specialists and workers and to the migration of manpower.

A large share of responsibility will be borne by the fledgling class of entrepreneurs. The assistance they render the disabled part of society and the preservation of the solidarity of all strata of the populace in the difficult period of transition to the market economy could exert a positive influence on social processes and preserve peace and tranquility in the country.

An important condition of the achievement of this goal is the free assurance of each who so desires it of entrepreneurial freedom and the possibility of application of his powers in any sphere of activity in order that the more capable, industrious, and enterprising may attain to a higher social status in society.

The appearance of a social stratum of Moldovan entrepreneurs, 15-20 percent of the total number of the able-bodied population, is a key factor of the realization of transformations, stabilization of the situation, continuation of market reforms, and assurance of economic upturn.

The large social group of the intelligentsia, managers, and former career servicemen constitutes a good potential base of the future middle stratum.

The formation of the new social structure of society will directly influence the machinery of state also and, via this latter, the efficiency of the activity of the state. It is essential to adopt measures to enhance the status, social image, and protection of public employees. The departure



of skilled specialists for the commercial structure is exerting a negative influence on the capacity of the machinery of state for upholding public interests.

The incomplete nature of the reforms and the retention in the hands of the machinery of state of practically the plenitude of power, economic included, with the low pay of the employees and the simultaneous accumulation of capital among representatives of business circles and also the absence of precise and long-term legal guarantees of their activity are creating altogether an extremely dangerous situation socially which is stimulating corruption and other crimes of office. The imperfection of the legislative base regulating the rights and obligations of the employees of the machinery of state and the activity of the law enforcement authorities in the fight against this social evil are making this situation worse and imparting a chronic nature to it. The Liberal Convention advocates the decisive eradication of corruption and other malfeasance by the authorities by way of the elimination of their causes and the strict application of the law in respect to all offenses, regardless of the position held.

A change in the value orientation in society thanks to the directed formation of a pro-market consciousness in the population, in the young people primarily, is an important factor.

A principal component of the social strategy of the Liberal Convention is the assurance on the basis of the development of the market economy of a high living standard and quality of life for all groups of the country's population, which would ensure the stability and dynamism of the development of Moldovan society.

Considering the social stratification of society an inevitable process accompanying market reforms and the democratization of society, the Liberal Convention believes that a principal task in the social sphere, in the transitional period particularly, is the reduction to a rational minimum of the difference in personal income levels, economic levers being utilized for this. A balanced policy in this sphere would make it possible to avoid

Election Campaign Issues, Factors Compared  
944K07064 Moscow PRAVDA in Russian 12 Feb 94 p 2

[Article by PRAVDA correspondent Arkady Panchuk:  
"Speaker and Prime Minister Hastily Turn Into Agrarians: Moldova on the Threshold of Elections"]

[Text] One can say with certainty that the campaign for preparation for early elections to the parliament of Moldova, set for 27 February, has not calmed the republic's public life. Rather the reverse: Parties and movements that have jumped into the election race threw themselves with gusto into mutual name-calling at all sorts of meetings, in newspapers, and on the air.

The accents at political battlefields have shifted perceptibly. Just a few months ago it was considered good manners in the local political establishment to blame all troubles on the ill-fated parliament. A complete fiasco in the economy, the impoverishment of the people, the republic split into pieces... Now that the parliament is living through its last days, the role of a scapegoat more often is attached to representatives of the parties that already had deputy mandates and are vying for them again (of whom, we should note, there are quite a few). The logic is simple: They have already messed up everything and now they are going for it again.

Elections by party lists, by the way, is not the only innovation in the election law adopted in October of last year. The number of seats in Moldova's supreme legislative body has been cut by more than a factor of three—to 104. Only those parties and movements which will gather at least 4 percent of the total number of the electorate vote may count on these mandates.

Such rigid restrictions have predetermined to a large extent high heat since the very early stage of the election marathon. Of 26 parties and movements officially registered in Moldova only half have been able to register their lists with the Central Electoral Commission [CEC]. Only on the third try did CEC members vote to register the list

well, which more than once determined the fate of principal battles. The present tendency for caution and dilution is reflected appropriately in the centrist position taken by this party, which cannot fail to appeal to a majority of rural voters. In addition, at the very threshold of the election the ADPM received a solid boost in the persons of current Parliament Speaker Petru Lucinschi and Prime Minister Andrei Sangheli, who are listed in the agrarians' electoral list as Nos. 2 and 3, respectively. Next, most observers line up the contender parties in approximately the following order: social democratic socialist republicans and the party of reform; the CDPP (Christian-Democratic Popular Front) alliance, and so on.

Local press is currently filled with electoral lists of parties and ideas and their programs. Most of these lengthy documents contain very correct ideas and words regarding the sociopolitical situation in the republic, the necessity of urgent measures aimed at reinvigoration of the economy, combating crime and corruption, and protection of the indigent. The difference begins to come through as soon as it comes to the point of discussing the method of future development of Moldova. Agrarians, social democrats, republicans, and socialists aim at building an independent state. The other part of the spectrum of parties—the CDPP, the Democratic Party, and the Democratic Labor Party—advocate unification with Romania.

Unfortunately, this position of the latter costs the republic very, very dearly—first, the still searing wounds of the bloody conflict on Dniester to immense economic losses stemming from Moldova's long procrastination regarding joining the CIS and all resulting consequences. Through suffering, deprivation, and pain, the society is coming to an understanding of harsh realities of current life. All last year's sociological surveys invariably registered the decline in the rating of the Popular Front and its fixation on unification with Romania, which, in the opinion of some observers, prompted some CDPP leaders to hastily distance themselves from it and quickly put together their own parties and movements. Others see in it only a pre-election operational maneuver, a peculiar attempt to achieve victory if not by aptitude (in this case it would be more appropriate to say—political authority) than by numbers.

Actually, it is unlikely that the "unionists" themselves

Overall, many experts believe that the new parliament will be an improvement over the previous one. First and foremost by its qualitative composition: Its core will be comprised of professional politicians, economists, and jurists. They will, of course, inherit a terrible legacy. In its legislative "debts" the previous parliament over three years has "inherited" over 200 laws, which overabundance did not save the republic from political and economic misfortune. Now instead of such a long running in place (or sometimes backwards) several very serious steps forward will be required simultaneously: adoption of a new constitution; unification of documents on CIS membership; moving the economy forward; and resolution of the Dniester area and Gagauz problems. Romania in a split Moldova over a new constitution will remain more of a symbolic document, and one cannot speak, of course, of an integrated economic organism without the 37 percent of the republic's industrial potential that is located on the Dniester left bank. Or a reform aimed at saving this organism to health. Will the new parliament be able to rid itself of the insidious syndrome of its predecessor and set up an effective political dialog with the Dniester area? For the time being, however, Tiraspol and Komrat authorities decided not to hold elections to the Moldovan Parliament in their region, which, in the opinion of a number of observers, only plays into the hands of radicals of all colors.

Finally, one more circumstance that has a most immediate bearing on the election campaign. President Mihail Snegur, who somewhat demonstratively had maintained his distance from this campaign, finally did break his neutrality. He said that he would support in the elections those parties that advocate an independent Moldova. And literally a few days ago Snegur proposed to conduct a national sociological survey—"consult with the people"—asking just one question: on independence and integrity of Moldova (the Parliament President accepted this proposal). In this way the president is, first, trying to gain support in his struggle against the opposition, which increasingly vehemently accuses him of blocking the process of unification with Romania, and, second, wants through the mouth of the people to give a nudge to members of the country's supreme legislative body.

Government's Internal 'War of Edicts' on Privatization Outlined

## WESTERN REGION

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21 February 1994

1990-1994." As of 12 January the draft had been signed by the Treasury of the Republic of Moldova, the Ministry of Finance, the Commission on State Control, the State Property Fund and, naturally, the Ministry of Economic Affairs.

As you can see, consent has been given by all the interested ministries and control organs; the only thing lacking is the signature of Mihail Stangor, after which four pages of typewritten text written by the bureaucratic hand will magically be transformed into an edict of the president of the Republic of Moldova. True, it has not been signed by another department which also has something to do with privatization—the department with the same name. But is a minister frequently asked to consent to the sentence that is handed down? And the aforementioned edict is nothing other than a sentence both for the department itself and for the policy it has been "implementing" during the past two years.

What are the chances that the edict will be signed by the president and, as they say, "take effect on the day it is signed"? The authors of the draft themselves estimate it as 50-50, but there are certain peculiarities that give reason to think that they are either being modest or are afraid of endangering their careers. All preceding attempts on the part of the department and the ministry (the first was to consolidate their grip on the "higher" they had aimed and the second was to push their rival off from them) ended in mutual failure, which largely suited the department as the defending side. Its persistence was largely determined by the personality of the leader and general director, Vladimir Onov. A pragmatist and a romantic, a swindler and practically a holy man prepared for self-sacrifice—this is how he is described by people from the "interested ministries and control organs." Today he is included on the election list of the SDPM (Social Democratic Party of Moldova) and, as a member of the coordinating council of this party, is among the top 10. He would be second in the future parliament, but even before 27 February, according to the Law "On Elections," he would have to temporarily resign from his position as director and go on leave. In any case the department would lose its support and its banner. And it feels like a football team whose star goalkeeper has been injured and there is nobody to replace him. Moreover, there are very persistent rumors that are very close to the truth saying that the president's edict on firing Onov has already been prepared. This edict is also

approved (and not for the first time) a draft of the edict which contains the following: "A situation has developed whereby a considerable share of state property has been (illegally transferred to entrepreneurial structures, a channel has been opened for illegal use and acquisition of state property, members of labor collectives are being debilitated regarding the promised shares and dividends.... Let me repeat once again that the edict has not yet been signed by the president and we do not know whether it will be signed at all, but the procurator has signed it!"

Measures for eliminating the "situation that has developed" / which developed "...on the initiative of the State Department on Privatization..."/, [restitution as published] according to the edict, will be severe: forced opening of closed joint-stock companies; a ban on the reorganization into joint-stock companies with mixed capital of enterprises that are subject to privatization; the return to members of labor collectives and legal entities of monetary funds previously allocated for facilities that are valued at up to 1 billion rubles; the introduction of essential changes in the founding documents of hundreds of joint-stock companies in order to "return" them to the list of state-owned facilities offered for privatization for BND [certification of national wealth] during 1993-1994; the declaration of documents of joint-stock companies that have not made these changes to be invalid, and so forth. Taken together these measures call for an abrupt halt to everything that was done by the department in the sphere of the creation of joint-stock companies and throw the process of privatization back to 1991.

Privatization is in danger. All of last year and the beginning of this year proceeded under this slogan. They are whispering about it in waiting lines, discussing it openly in the government, and shouting about it in the department. What danger can threaten a cause that has so many supporters? It is simply that in the waiting lines, in the government, and in the rebellious department there is no common viewpoint either on privatization or on the danger that threatens it. We are learning patience. The waiting line is not moving—someone must leave.

Party Vice Chairman on Agrarian Democratic  
Candidates

944K06968 Chistom KISHINEVSKIYE NOVOSTI  
in Russian No 3, 15 Jan 94 p 2



The official interpretation of the adopted decree has not yet been made public, but it is clear that the decision reached by the deputies will have significance both to the

liament call off the presidential election. However, there is hardly any logical basis for these plans: Voters in post-Soviet states have been known to vote the opposition. And the last elections in Ukraine

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Central Electoral Commission and published in the newspapers, but nobody made any secret of it—at a meeting of the ADPM council on 4 January the composition of the slate was discussed openly, so there was reason for discussing it.

[Korolev] Mr. Olaru, the slate of candidates from your party is not very similar to the slate of the Agrarians. Everyone is included here, there are even leaders and members of the current government.

[Olaru] If you have read our party's program attentively you will know that its main objective is to achieve real sovereignty and independence of Moldova, that is, the construction of a new state. Therefore we need not only agricultural specialists but also lawyers, economists, practical businessmen, and scientists. Some 10 percent of the candidates from the ADPM are lawyers and approximately the same number are economists.

[Korolev] What was the principle on which the slate was formed?

[Olaru] The main principle was representation of all rayon and city party organizations. This, incidentally, pertains to members of government as well: Saugheli was nominated by Rîceni Rayon, Olshin—by Balti, Gorinciei—by Chişinău, Kusev—by the Bulgarian villages of Taraclia and Căldăr-Lunga rayons. Now it is easy to gain points by criticizing the government, but there is a proverb: For every one that is beaten there are two that are not. Our proposals have also been accepted by people who are simply well known in the republic, for example, the chief physician of the republic clinical hospital of Moshniaga, the vice president of the Academy of Sciences of Moldova Lupescu, and Ion Saracutan, who needs no introduction.

[Korolev] Are there any journalists among the candidates?

[Olaru] Diskov, Angeli...those are the only ones I know of.

[Korolev] Mr. Olaru, as soon as the Law "On Elections" was adopted, in an interview with our newspaper you gave the name of the person who should become prime minister in the new government. Rather, he should remain. Have you changed your mind?

[Olaru] No, I have not changed it. As before, I think that if we were to win the elections we should form a government and it should be headed by Andrei Saugheli. Dumitru Motpan, as the party's leader, should remain in parliament. In general our policy with regard to this issue is as follows: Those who are elected to parliament will work as deputies of parliament. There are also many worthy people in Moldova who are not on any party slates. And they must be invited to the government. This does not mean that some of our candidates will be ministers, but their number will be limited. There will be three or four and no more. People are mistaken when they think that when "rushing to power" the ADPM will give all ministry portfolios to its own deputies just to "advance" the slate and pack the parliament with as many of "its own" people as possible.

[Korolev] How many votes does the ADPM hope to receive in the elections? I am interested not in your

personal prediction but the minimum number of deputy mandates necessary in order to uphold the principle of equal representation of all regions of Moldova. Because if there are any unpleasant surprises, it could happen that Balti could be represented in parliament by several deputies from the ADPM while, for example, Sîngerei or Sîndrăneşti—by none.

[Olaru] There is no such threshold and therefore, frankly, the formation of the lower part of the list did not go altogether smoothly. Incidentally, I dare say that this should be admitted by all parties. But we went, through our representative on the Central Electoral Commission, to make a proposal that each party after receiving a certain number of positions in parliament decide for itself who should hold them. Regardless of where the candidate stands on the slate, first or 140th. It seems to me that this would be fair. I hope the rest of the parties will support us.

[Korolev] It is no secret that private entrepreneurial structures are very interested in the elections. They are trying to insert their "candidates" first on one party slate then on another. Has the ADPM received similar proposals?

[Olaru] Yes, there have been such proposals, and sometimes in fairly veiled form. We do not have our own secret service or counterintelligence, but we have tried not to give in to pressure from the outside. There are no secret mafia lobbyists or anyone like that among us. That can be ruled out.

### Industrialists Union Head Outlines Communist View of Elections

944K0597A Chişinău KISHINEVSKIYE NOVOSTI  
in Russian No 3, 15 Jan 94 pp 1-2

[Interview with I.T. Guta, first vice president and general director of the Union of Industrialists of the Republic of Moldova, by Ya. Guryevich; place and date not given: "I Remain a Communist, But..."]

[Text] This is the typical biography of a party official who has traveled a long route from local Kommunist officer to the highest plannings of power. The memorable August of 1991 found him in the office of second secretary of the Communist Party of Moldova Central Committee. Now I.T. Guta is first vice president and general director of the Union of Industrialists of the Republic of Moldova with, as might have been expected, his own vision of the social and political situation in the republic, his own understanding of the problems that have risen to confront it, and his own view of a way out of the present situation.

This is the subject of our discussion.

[Guryevich] Does it not seem to you, Ivan Timofeyevich, that we have today essentially been driven into a corner, from which we can neither get things moving nor extricate ourselves?

[Guta] If we consider the wholesale impoverishment of the people, this is not a corner but a dead end, perhaps. But this is what was to have been expected, it was this that was forecast right from the start, when many decisions and legislative instruments were adopted in forced manner,

under pressure from the street and the period of demonstrations, which led not to the appeasement of society but to the even greater destabilization of the situation.

[Guryevich] But new people, who declared themselves true democrats and who knew well what the ordinary people needed, came to power at that time....

[Gutu] There were not then nor are there with us now democrats in the true sense, unfortunately. Even less can people with extremely radical views be such. So we acquired, in fact, a new elite, even more avid for power and uncompromisingly brazen, inasmuch as it had emerged on the wave of national self-awareness, and shamelessly bent on distributive functions and the satisfaction of personal, primarily material, ambitions. Apartments, country cottages, automobiles, overseas travel—I shall not give examples, they are there for all to see.

[Guryevich] Well, we assume that the former authorities did not short-change themselves in this respect either....

[Gutu] Had this been combined with constructive work, as before, but everything moved in the entirely opposite direction. What did Mircea Druc and his government do? What in practice could they have done? They drove away the skilled personnel, destroyed the machinery of state, and engendered an atmosphere of violence, lawlessness, national discord, and intolerance in a formerly peaceful and materially prosperous republic. Not only did they not do anything of substance, they were even powerless to offer some in any way constructive program.

[Guryevich] Yes, but the acquisition of sovereignty and independence and recognition in the United Nations and the CSCE and entry into the world community came from that same period....

[Gutu] Of course, these were necessary and very important stages of the formation of the young state. The exchange of embassies and delegations, treaties.... But real recognition comes only via internal stability and the material well-being of society. But we have neither stability nor well-being but, in addition, the unresolved problems of the South and the eastern regions.... We still do not know, incidentally, the true inspiration behind both the memorable campaign against the South, when bloodshed was avoided only by a miracle, and the Boudary tragedy, which cost us hundreds of human lives, thousands of devastated futures, and many billions of rubles of material damage. We are all still making do with a half-truth....

[Guryevich] You believe, Ivan Timofreyevich, that the new governing elite had, aside from elements of populism and political intrigue, nothing to its name? And that our main scourge today is the absence of professional knowledge and management skills and incompetence?

without which we could, at the very least, still hold on somehow—but also in the traditional sectors of vital importance to us—light, food, processing. And if today some enterprises are still managing to stay afloat, it is only thanks to the inconceivable dogmatism and self-sacrifice of the corps of directors.

[Guryevich] I have to agree, nonetheless—not in defense of the present rulers but solely from an aspiration to objectivity—were the previous authorities more competent?

[Gutu] Without a doubt!

[Guryevich] What, then, about the Siberian metallurgical giant, which had still been deprived of a raw material base even then? And the Pamyrskii Interkhokhokh Nursery, the "biggest in Europe"—whereas the vegetable repositories and processing industry were incapable of accepting even one-half of the produce cultivated there? And the triumphal laying, to victory banners, of the canal from Lake Yalpus, into which billions had been poured and which, upon inspection, resulted in an environmental catastrophe? Not to mention the dozens of not so costly but no less odious construction projects, in the capital included.

[Gutu] It is more appropriate to speak here not of the degree of competence but, rather, of the volitional methods of leadership—after all, scientific potential was always outlined in the preliminary consultations....

[Guryevich] But it was, ultimately, one person who decided....

[Gutu] Voluntarism, as a style of leadership, was condemned by the party itself....

[Guryevich] Following the ouster or death of the latest leader? So even then there was not at the time of decision-making a whiff of democracy even?

[Gutu] Nonetheless, compare if only the authorities with which the cities and districts of the republic were endowed at that time and today's essentially total anarchy of the official structures. Is this not the reason also to some extent for the troubles that have come crashing down on our capital—the menacing state of the engineering workforce, health care, urban mass transit.... Decrees were adopted twice formerly at the top level, in the CPSU Central Committee, on the development of Chisinau, and they were implemented. But whose business of anyone's is this now? Who would venture to forecast what awaits the capital's 700,000-strong population in the near future? So I would not censure our past indiscriminately—what was positive and constructive in it was not that insignificant. On the other hand, privatization has been enormous

[Gutu] Nothing of the sort, I am opposed to certain methods and their forced implementation. I am profoundly convinced that small business cannot occupy the predominant place in the economy and that the fate of the latter is decided by large-scale enterprises. Even to take a look at foreign experience, we would be better suited by the Chinese method—state regulation with elements of a market economy....

[Guryevich] With the guiding and directing role of the Communist Party?...

[Gutu] At least they have managed to feed more than 1 billion people and raise national income immeasurably. And on this path we could, if not achieve the former level, in the next two or three years at least approach it and stabilize the situation. For this it is essential, first, that the economy cease to be a hostage to policy, second, to restore the broken economic ties to the countries of the CIS, and, third, determine precisely what kind of industry and what kind of products we need for the foreign market, and what kind, for domestic consumption.

[Guryevich] Well, the Union of Industrialists holds the cards, as they say....

[Gutu] Our union does not possess power functions, it can only offer its vision of the present situation and its forecasts for the future and the corresponding recommendations. Which, generally, is what we have been doing since the recent conference of the union. Specifically, we believe that the state should display initiative in the organizational restructuring of industry and provide for the elaboration and realization of sector-by-sector outlines and industrial joint labor in multilateral cooperation with Romania, Ukraine, Russia, and other countries of the CIS and Europe. We, on the other hand, are prepared to help the government in the realization of our proposals.

[Guryevich] And?

[Gutu] I would like to hope that the new government will give this and our other recommendations due attention.

[Guryevich] But if blame for the severance of economic relations could be imputed to the former government, this cannot be said about the present one. Or, come to that, about the president, who signed the documents on entry into the CIS, on the formation of the economic space, and so forth. So where does the problem lie?

[Gutu] Yes, they should be given their due for this. But many questions remain, and, it seems to me, it would be highly appropriate for the deputies, who are intending once again to run for the new parliament, to address them now, in the election campaign. And not only in economics. It would not be inappropriate, I believe, for the new parliament to also reconsider certain previous legislative instruments—on the national anthem and so forth, in particular.

[Guryevich] Well, it remains to be hoped that the new parliament and the new government will prove receptive to a mutual exchange of ideas and be more decisive in the pursuit of a balanced policy.

[Gutu] That's what I say: Much will depend on who sits in the old chairs. The abundance of parties and movements with similar programs and the like ambitions of their leaders could seriously discredit the electorate.

[Guryevich] Have you remained in the Communist Party?

[Gutu] I was and remain a Communist. But in a renewed party which, together with the modified name (it is now the Party of Communists of Moldova), is also jettisoning certain tenets of Marxism-Leninism and adopting new, approved methods of political activity.

[Guryevich] Frankly, it had always seemed to me that by no means a secondary role had been made ready for you also in the new elite which came to power at the end of the 1980's. But two "gaffes," which in the thinking of the "true democrats" damaged your image somewhat, made themselves felt, evidently. I refer to the summer of 1990, when you, together with the entire party upper stratum, appeared at the Zoloty Theater before a thousands-strong meeting. Although, incidentally, as mayor of the capital, not a party functionary at that time, you could have diplomatically declined. As did Nicolae Tsa, while even first secretary of the capital's city party committee in those days....

[Gutu] It was impossible for me to decline for one reason: It was I who had the whole time been stirring up the republic's party leadership, calling on it to show up at the demonstrations, enter into a dialogue with people, and explain its position, not sit it out in offices.

[Guryevich] Very well, the second "gaffe"—the office of secretary of the Communist Party of Moldova Central Committee, when the party's affairs were already on very shaky ground?

[Gutu] Not long before that the decision had been made in Moscow that the republic's party organization would be headed by P.K. Lucinschi. It was only by keeping this in mind that I agreed: I had known Lucinschi a long time and believed that in a team with him something could still be done....

[Guryevich] Now, apparently, there is a Communist Party once again, only renewed.... But this party will not take part in the parliamentary elections inasmuch as it was not in time to register before the start of the campaign. So you will, consequently, have to call on your supporters to vote for the slates of other parties, will you not?

[Gutu] Yes, ahead of us are a congress and the formulation and adoption of a program and only then involvement in assertive political activity. Meanwhile, we will, indeed, support other parties at the elections—those that advocate a strengthening of Moldova's independence and sovereignty, an immediate normalization of the situation in the South and in the eastern regions, the ratification of all economic agreements within the framework of the CIS and the conclusion of beneficial bilateral treaties with these countries, national referenda on problems that are fateful for the state and, most important, an increase in our people's prosperity.



[Guryevich] And what parties are these?

[Gutu] Not all have made their election platforms public as yet. But judging by what is already known about their intentions and final goals, they are the Agrarian-Democratic and Socialist Parties.

[Guryevich] And are you not embarrassed by the fact that the platform of the Socialist Party, say, is once again interspersed with certain decrepit ideological myths—like free housing and low rent and free education and health care—although even the youngest schoolboys now know that there is in fact nothing that is or can be free, that the resources for the so-called “freedom,” and considerable ones at that, were shamelessly taken from the working people themselves...

[Gutu] Yes, some of the wording is, truly, embarrassing. But the right to free housing, education, and health care for a particular section of the needy population should, indeed, be guaranteed by the state.

[Guryevich] Our interview is coming to an end, and I will, therefore, ask you a question that is by no means new but highly popular in such situations: If you could begin everything all over again...

[Gutu] I regret nothing, and nothing in my life inspires in me feelings of awkwardness or shame.

#### Ukrainian Ambassador on Relations with Moldova

944K06984 Chisinau KISHINEVSKIYE NOVOSTI  
in Russian No 2, 11 Jan 94 p 2

[Interview with Vitaliy Boyko, ambassador of Ukraine in Moldova, by S. Gamova; place and date not given: “The Roots of the Mutual Relations Between Moldova and Ukraine Go Back Centuries”]

[Text] More than 600,000 Ukrainians live in Moldova today. This and also being Ukraine's immediate neighbor dictate the interest of the people living in our republic in the mutual relations of the two states. The interview with Vitaliy Boyko, Ukraine's ambassador in Moldova, is about this.

[Gamova] Vitaliy Fedorovich, how are Ukraine's relations with Moldova developing, and what in them is determinative?

[Boyko] Moldova is viewed in a strategic sense as a very close neighbor with which it is possible to build normal friendly relations. Ukraine's position is built on recognition of the unity and indivisibility of Moldova's borders. This has been repeatedly confirmed by Ukraine President L. Kravchuk. But as a very close neighbor, Ukraine is alarmed by the problems associated with the Dnestr area conflict. Especially because the conflict occurred on the borders with Ukraine, and this speaks of possible moral and material losses for us. In addition, every seventh citizen in Moldova is of Ukrainian origin. Moreover, a

the conflict in the Dnestr area. Adhering, as I have already noted, to the principle of the unity and indivisibility of Moldova, Ukraine thinks that the possibility of allotting special status to the eastern rayons of Moldova, with definite guarantees in the event of changes in the status of Moldova itself, is a step that could remove the existing problems.

Since the proclamation of independence of our states, their mutual relations are being placed on a legal basis. A treaty on good-neighborliness, friendship, and cooperation between Ukraine and Moldova was signed in October 1993. About 30 intergovernmental and interdepartmental agreements on different directions of cooperation were concluded on the basis of this treaty. It is characteristic that the year 1993 ended with another meeting of President Snegur and President Kravchuk in Kiev. Documents were signed at it in the sphere of protection of the rights of citizens: Ukrainians in Moldova and Moldovans in Ukraine. These concern basically social protection, for example, of pensioners. Although it would be nice if the number of these documents increased, inasmuch as other problems also exist. Essentially, there is no state border between Moldova and Ukraine, there is an administrative-territorial one. Meanwhile, the state border is the sign of an independent state. You know, you somehow feel more confident with a neighbor when a boundary is drawn between your plot and his. At the Kiev meeting the presidents talked about the need to accelerate resolution of this question.

[Gamova] Customs posts are also a sign of independent states...

[Boyko] There is a lot of unfavorable criticism of the existing customs barriers. Things have developed in such a way that there are blood ties connecting the residents of Ukraine and Moldova. In this connection, round trips are quite natural. In the process of inheritance among citizens of Moldova it can happen that their home and vegetable garden are in a Ukrainian village. But a person has to pay to transport across the border what he has raised in his very own garden—the customs duties are such that it is cheaper to buy food products at the market. Recently, to officially register a crossing of the Ukrainian border, customs charged \$5 from each vehicle. This kind of \$5-customs barrier turned out in fact to be a closing of the Ukrainian border. It is true that this measure existed for only two weeks; however, it evoked colossal indignation. Errors like this cost us a lot, inasmuch as they have a negative effect on the movement of Ukraine.

[Gamova] In your opinion, is anything changing in the conditions in which the Ukrainian diaspora has to live in Moldova?

[Boyko] There are some changes for the better in the conditions of life of the Ukrainian diaspora. I detect in this

created in Moldovan VUZ's (higher educational institutions). The university in the capital will prepare elementary grade teachers for Ukrainian schools. Two groups have been formed in the Lypkany teachers college for the training of educators for Ukrainian kindergartens. According to the joint agreement of ministries that are in charge of questions of education, a student exchange is being conducted, and young boys and girls of Ukrainian nationality from Moldova can receive an education in Ukraine, and vice versa. State policy in Moldova is directed at the creation of conditions for the revival of national cultures. This is also indicated by support at government level of Ukrainian cultural societies in Moldova.

[Gamova] Are requests addressed to you at the embassy concerning the granting of Ukrainian citizenship?

[Boyko] There are such requests. But the fact is that the laws of Ukraine do not envision granting Ukrainian citizenship to persons who live outside its borders. Only those who have moved to a permanent place of residence in Ukrainian cities and villages can become citizens of Ukraine.

Meanwhile, our legislation permits dual citizenship on the basis of intergovernmental agreements. Except for Tajikistan, this practice as such does not exist in the CIS. As a lawyer, I am interested, for example, in what the basis is for such an agreement between Russia and Tajikistan. This

question is being studied at the expert level in Ukraine and Russia. In the future, it can also come up against the background of our relations with Moldova, and what is meant here is the development of a special interstate agreement. Although numerous questions crop up here. Including also the question of obligations with respect to the state whose citizenship a person is assuming. In dual citizenship, perhaps, only his rights are being looked into.

Nevertheless, the statement of the issue of dual citizenship itself is important, if at least because requests regarding adoption of Ukrainian citizenship are numerous. They are especially being looked at in the Dnestr area and the regions bordering Ukraine. The residents of these regions, referring to the fact that until 1940 they were in the structure of Ukraine, are insisting on confirmation of their Ukrainian citizenship, although, however, citizenship of Ukraine as such did not exist before 1940.

[Gamova] What would you wish for the readers of KISHINEVSKIYE NOVOSTI in the New Year?

[Boyko] Returning to the meeting of the presidents of Moldova and Ukraine, I would wish for the results of the agreements achieved in it to be filled with a good deal of substance. So that their implementation will proceed for the good of both the Ukrainian and Moldovan people.

For the readers of your newspaper—happiness, health, and abundant peace in the New Year.

## ESTONIA

**Government Criticized for Neglecting Agriculture**  
944K06134 Tallinn RAIHVA HAAL in Estonian  
7 Jan 94 p 11

[Article by Valter Udam: "In Defense of Farm Economy and the Farm Law"]

[Text]

### Farmer and the Status Quo

Last December marked five years from the time the farm law was passed. Based on that law, close to 10,000 farms have emerged by now. Part of them are already viable, because they have been able to acquire the necessary agricultural and farm technology, and construct or renovate their production structures. The first cows raised on one's own farm are giving milk already. In agriculture, the production cycle is long, and it usually takes five to six years before any capital can be accumulated to expand production.

Five years ago, it was possible to start out with a relatively small amount of initial capital. A new tractor cost 3,000 to 5,000 rubles, one could also buy used equipment cheaper, or rent it from the collectives. Building materials and other necessities could also be acquired cheaper.

Currently, the cost of a tractor is between 50,000 and 60,000 kroons, representing some 10 years of milk money for an average farmer. But what about production costs and upkeep of the family? The reader might suggest taking a loan. But, in that case, people in the cities could also start taking out loans to feed their families? The current sales prices of agricultural products do not cover expenses incurred for their production, not to mention the interest on the loan. This is why farmers are reluctant to take out loans, even though they are available in limited amounts. Our state and our people are not able to pay the farmer a fair price for his production. This is what has stunted the creation of farms.

It is not hard to foresee that this year, too, will bring a decrease in both the acreage planted and in productivity. Much of the fall plowing was neglected, and the acreage of winter grain amounted to about one third of that planted in previous years. A good portion of that, too, will probably have to be plowed under in the spring because the first shoots were not viable. Farmers and cooperatives based on collectives did not have enough money last fall to buy fuel for hauling organic fertilizers out to the fields, not to

was chairman of the Supreme Council agricultural complex commission or the only paid delegate to the council. This is why I had an opportunity to get involved in formulating legislative measures dealing with agriculture. Preparations for the farm law took more than half a year, it was passed after its third reading. Participating in this work, besides commission members (most of them specialists in agriculture) and members of the expert group (those numbered 32, most of them scientists), were also actual farmers—farm operators as well as representatives of collectives; well-known legal professionals of our republic, and representatives of government agencies. The bill of the farm law was up for public discussion. In the course of this work, our commission received more than 200 corrections and proposals.

Lately, for almost a year now, there have been efforts to wipe out all the work that was done back then, and leave agriculture, along with the farmer, without any protection. In fact, the farm law was declared void when the law to implement property rights was passed by Riigikogu [Estonia's parliament] recently. Up until now, it had been the only measure regulating all the problems dealing with the development of agriculture: Relations between state and local authorities, premises of economic and financial activity, issues linked to continuity of ownership, and much more.

According to the farm law, the founder of the farm was free of all taxation for the first five years. This is of special importance because agriculture is known for its slow turnover of capital and its long production cycle, the initial investment for starting a farm will not turn any profit for the first five years. This is the minimum amount of time it takes to cover direct production costs, feed one's family, and put aside money for the instalment and interest payments on the bank loans.

In the days of the independent Republic of Estonia, after the land reform, farmers were given long-term, low interest loans extended over 50 years, with payments starting five years after the loan was received. When formulating the farm law, we drew extensively on the legislation and experiences garnered from that era. Now, both Riigikogu and the government want to place the farmer right in the middle of an unregulated and untamed market economy. But agriculture, by its very nature, cannot compete with other sectors of the national economy without help from the state.

Naturally, we could not pass an ideal farm law five years ago, and we could not do it now. Life has a way of coming up with new problems constantly. During Estonia's republic



the older days, was passed on in the farm setting as part of family continuity. This is why land reform will not be completed in the years to come, but will go on for some time. The land will be changing its owners quite a few times before agriculture will really get going. By that, I am referring primarily to agriculture dealing with commercial production. You can find cottagers and hobby farmers in agriculturally developed countries, too, but these are not involved in solving the problems linked to the production of agricultural products.

Right now, it is not hard to foresee that prices of agricultural products on the world market will be going up in the years to come. Considering our standard of living, they are high already. In response to pressure from the United States, agricultural subsidies will be reduced by up to 20 percent over the next six years. Price increases will also be helped along by the reduction of subsidies to the export of agricultural products. People in wealthy countries can afford to pay for all that, but we are in for trouble.

Unfortunately, our politicians and our government could not, and did not even want to foresee this kind of development. Now, that agriculture is largely in shambles (which is the best word to describe it), there are some attempts to admit it, but it is too late already. I could not tell what we should be doing. I would like to emphasize, however, that the farm law should be left in force, with changes to be made as the situation warrants, and its provisions made to correspond to those of the property right law.

**Future Economic Development Projected**  
944K0613D Tallinn RAHVA HAAL in Estonian  
8 Jan 94 p 1

[Article by Ulo Kõlm: "Economists Projected the Future"]

[Text]

The Association of Economists met in Tallinn on Thursday. The current state of the economy was discussed and projections made for the future.

A longer presentation dealing with the current state of Estonia's economy and its future was made by Teet Rajasaar, science director of the Economic Institute. In his opinion our economy has reached a balance and become more demand-oriented. Exports should increase by the end of the year. They could go up to 14-15 billion kroons or, combined with the export of services, up to 20 billion kroons.

Improvement will derive mostly from choices now available to people between buying domestic or imported products. Income should also be going up for low- and

going well. The export of services will also increase. It is hoped that the export of building services will also increase.

T. Rajasaar thinks that the number of unemployed will also go up this year, but not significantly—roughly by 10,000. Inflation is continuing and, because of it, wages should also be going up. Average wage should be up to 1,800 kroons a month by the end of the year.

Alari Parju of the forecasting institute compared what is going on in Estonia to reforms carried out in Eastern Europe. According to him, reforms have gone off best in the Czech Republic, in Poland the instability is greater. The gross product has gone down in all of the reforming countries.

Also participating in the discussions were economists from the economic ministry, Bank of Estonia, the Economic Forecasting Institute and the University of Tartu.

### Future Energy Needs Viewed

944K0613C Tallinn ARIPAEV in Estonian 19 Jan 94  
p 3

[Staff article: "Will We Be Buying Electricity From Abroad 10 Years From Now?"]

[Text]

### Power Plants Hopelessly Outdated

The condition of Estonia's energy economy and energy production became somewhat obscured and aggravated after Estonia became independent. If most of the basic equipment, materials, fuels and know-how are obtained at world-market prices, then production (electric energy) is being sold below world market prices, judging by the talk about the overall poverty of the population.

Consumption of electricity is bound to go up in Estonia, as general economic development continues. It is possible to sustain this consumption with production from two big power plants. The currently operating power plants Eesti Elektrijaam (Estonian Electric Plant) and Balti Elektrijaam (Baltic Electric Plant) are hopelessly outdated. This has been confirmed by management team members of these plants, and proven by the study titled 'Analysis and Directions for the Development of Estonia's Energy Sector' conducted by the Development Bureau for Energetics. It is high time to start thinking about renovating or replacing these power plants, if our planning calls for meeting all of Estonia's energy needs domestically.

### Calculated Sums Necessary for Renovation

Amounts required for renovation, not to mention those

million or 14 million kWh at the current level of production. If overhaul is not started over the next few years, we will be faced with a situation at the turn of the century where electricity would have to be imported from the neighboring countries. Can Estonia come up with the amount required for overhauling the Baltic Power Plant.

The study mentioned recommends that electric energy production based on oil-shale be continued as long as possible, because that will enable us to put off investing in new generating capacities.

### Electricity From Coal or Oil Shale?

Producing electricity out of oil shale has its drawbacks. The energy content of oil shale is three times smaller than that of coal. Consequently, for purposes of energy production, the price of one tonne of oil shale should also be three times lower than the corresponding price of coal on the world market. However, from the mining point of view, this difference is not three-fold. In fact, there is no difference.

Should Estonia still plan to produce its electricity largely out of oil shale 10 years from now, it could do so only if oil shale miners did not demand the same wage as coal miners, or if tax payers picked up the wage difference in the form of state subsidies.

### Low Cost of Electricity Makes Consumer Sings

It is the job of the state to set down the rules of the game, and that also applies to the area of energy. It seems strange however that, in setting down the rules, the state should deliberately put the enterprise it owns in a difficult situation. If, in the world of commerce, those buying in quantities get their merchandise cheaper than retail customers then, in energy sales, for some unknown reason, things work the other way around.

This could not be explained by government attempts to help those struggling because, ultimately, the higher cost of electricity to industrial enterprises is paid for by the consumer.

The low price of electricity is conducive to consumer amnesia and to taking advantage of the situation.

The most curious example comes from the small islands, where electricity is produced by diesel generators. The production of energy in the islands is significantly more costly than it is on mainland. In accordance with government resolutions, however, users on these islands pay the same rates as people on mainland. If some mainlanders should decide to use electricity for heat, because it is

[Nuclear Plants?]

### The Daughter of Estonia's Energy Minister Arvo Niitenberg Is Involved in Liquefying Accidents at Nuclear Plants

[Text]

"I have been telling my Western colleagues that had they had a steep price hike like the we had in Estonia, they would have had riding in the streets," says energy minister Arvo Niitenberg smugly, as he recalls the economic crisis of the 70's in the United States. At that time, Americans raised the price of a liter of gasoline by 10 cents, and there were incidents of shooting at gas stations. Estonia's economy has survived a major price shock over the past two years. Coal, heating oil, natural gas, diesel fuel and gasoline have been brought to world market prices. "Oil shale and electricity are not at world market prices," says Niitenberg, satisfied that Estonia has moved into world economy. The price of gasoline in Estonia and the world price of unprocessed crude are now linked.

One dramatic example of relentlessly rising prices is the 754-time jump in the price of natural gas, as compared to the Soviet era. The minister believes that our energy policy which, in its formative stages, drew praise from its teachers like the World Bank, the European Bank of Development and Reconstruction, and other organizations, will make Estonia stronger in the future. The days of wasting cheap energy are over.

### No More Sudden Price Hikes

"As is happening elsewhere, the price of energy in Estonia will still be going up, but I don't foresee any sudden jumps," says Niitenberg and finds that the price of electricity, for example, is favorably low, compared to some of our neighbors. He does not believe that the price of electricity will ever go up to Finland's level (3 times higher than ours), and that Estonia will always have an advantage. Electricity is unnaturally cheap in Russia but, compared to other neighboring states, Estonian producers enjoy a certain advantage.

While the consumption of electricity has been going up lately, the demand for liquid fuel has been dropping. During 1993, only 600,000 tonnes of heating oil were consumed, compared to its previous consumption levels of up to 1,600,000 tonnes a year.

"Part of that difference is attributable to user economy, the rest to a general economic decline. I believe we can increase production without drastically increasing the demand for energy. We have to reduce the energy loss that currently amounts to roughly one third of the total. If that part of the energy could be used to develop the economy,

"For the development of energetics, we have received loans from the European Community totaling 76.7 million Estonian kroons. With that money, more than 140 energy-related projects have been carried out in different parts of Estonia. These have been mostly small plants for local parish use, installed to make a transition to domestic fuel, and to reduce energy loss," Niltenberg says.

The proportion of domestic fuel sources is currently not as great in Estonia as it is in our neighboring countries. Timber and peat provide 3.5 percent of the necessary energy. In the Nordic countries, this share is roughly 7 percent; in Finland between 12 and 13 percent.

"It would be possible to increase the share of timber and peat to 10 percent. It is interesting to note that, even though Estonia imports much of its fuel, close to 70 percent of the energy is obtained locally. In this respect we are much better off than Latvia or Lithuania. We have oil shale, electricity, timber and peat, only liquid fuel and natural gas are brought in," Niltenberg says.

#### **Estonia Needs an Explosives Plant**

Out of the production cost for oil shale, one third goes for explosives which, for the time being, are still coming from our eastern neighbors. Prices of explosives and fuses have gone up and that, in turn, has jacked up the price of oil shale. Eesti Põlevkivi [Estonian Oil Shale] is in the process of negotiating with a Swedish and a German firm for putting up an explosives plant in Estonia, specifically for mining. Depending on technology, this will require an investment of roughly \$5 to \$10 million. A study is being conducted to show how fast the plant can pay for itself.

"Last year, 13.5 million tonnes of oil shale were produced in Estonia, and I cannot see that volume going down in the near future. We can tell potential foreign buyers that the market is stable, and give them certain guarantees," Niltenberg thinks.

#### **Sell Us Pressure Pipe, Not Experts**

Both firms are interested, but are still busy looking for marketing possibilities in other nearby regions. Niltenberg thinks there are certain advantages to investing in Estonia. It is not like dealing with the Third World countries, who cannot manage on their own. We have technical know-how

"Estonia is not rich enough to let such amounts sit idle. First, a decision needs to be made how much of a reserve should be maintained. This presumes that we know what we want to be insured against. We have the facilities for storing liquid fuel, but not for natural gas, 100 percent of which comes in from Russia. Putting those up would take an extremely large investment, the closest usable storage facilities are located in Latvia," Niltenberg says, adding that the question of strategic reserves has been discussed in government and has been assigned to the working group of the Economic Ministry. The problem is wider in scope, and includes the areas of medicine, food and other such.

#### **Refining Plant To Cost \$1 Billion**

Canada, where Niltenberg worked for many years in leading positions within the energy system, had a relatively low level of reserves. Emphasis was placed on infrastructure, making sure that fuel could be moved immediately whenever needed. The reserves of liquid fuel were distributed between big oil companies, with the state keeping track of how fast some company or other could obtain a certain quantity of fuel. Most of the responsibility was borne by Petro Canada, a company similar to our Eesti Kütus [Estonian Fuel]. There is always the question: Can the state place an obligation on a private company?

"In case of a possible crisis, we have two choices. Either we have barrels stored somewhere, or we have a firm plan for how to transport the necessary amount of fuel from some refining plant in Denmark or Poland to Estonia within three days. Putting up our own plant would require a capital outlay of \$800 to \$900 million, whereas transportation, storage and other support services for import have improved significantly as of late.

"In Canada, I dealt with electricity that could not be kept in reserve. For unexpected situations, alternatives had to be found," Niltenberg says.

#### **A Nuclear Plant Does Not Have To**

Among specialists, there has also been talk of putting up a nuclear power plant in Estonia. Speaking of money, Niltenberg volunteered the cost of the Darlington nuclear power plant as an example. Ontario Hydro, the Canadian



Paldin, where the biggest danger is over by now," says Niitenberg, who was in charge of 20 nuclear power plants in Canada, and who has a daughter involved in liquidating nuclear power plant accidents.

"As long as everything is well organized, this field is not as dangerous as it is thought to be. If that were not so, I would not have allowed my daughter to work in this field. It is significant that, in accordance with international agreements, information should be disclosed on any accident so that appropriate conclusions could be drawn by nuclear energy specialists in neighboring countries and throughout the world. At Chernobyl, this agreement was violated," Niitenberg explained.

### Future Will Bring New Solutions

Niitenberg thinks that this issue will not come up on Estonia's agenda before the year 2000, for sure, and that it will take a political decision, in principle, either by politicians or by a referendum.

As far as the future of energetics for the whole world goes, Niitenberg does not daign offer anything specific.

"If I knew the solution, I would become a very rich man," he laughs and thinks that bio-energetics will develop, for sure. Also feasible is the so-called fusion method, which is the next step in harnessing nuclear energy, based on the ability of heavy hydrogen isotopes to combine into helium at extremely high temperatures, yielding energy from the neutron thus released.

To the question about current fuel reserves and how long they will last, Niitenberg replies with another question: For what kind of money? Canada has supposedly more crude

December 1

[Text]

Prices went up relatively rapidly toward the end of last year—the 4-percent increase in the consumer price index for November gained an additional one tenth in December.

That represented a 3.1 percent increase in the price of food items (including alcoholic beverages and tobacco products), a 1 percent increase in the price of manufactured goods, and a 6.3 percent increase in the price of services, compared to November.

By categories reported, prices went down, by 1.3 percent, only for expenditures linked to leisure time activities.

The overall annual price increase for consumer goods and services was 35.6 percent.

Looking at the increase in the consumer price index for the last month of the year by categories reported, and considering their relative share of the market basket, it turns out that the significant factors for the rise in the cost of living are different from those seen in the diagram.

Causing the biggest jump—1.16 percent—in the overall price index were expenditures linked to housing. Egg prices, up almost by one third, added 0.48 percent to the index, and price increases for meat and meat products another 0.44 percent. Clothing and footwear brought the overall index up by 0.42 percent, flour, flour products and cereals by 0.39 percent, fruits and vegetables by 0.35 percent, transportation and communications services by 0.31 percent, and milk by 0.28 percent. Other categories reported had less of an impact on increasing the price index.

### Cost of Living, 1993

Consumer Price Index Increase, Percent											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Month to Month											
0	1.7	3.6	2.3	1.7	1.3	2.6	0.7	3.0	2.6	4.0	4.1
Progressive Increase Compared to December, 1992											
3.4	5.1	8.9	11.4	13.3	14.8	17.8	18.6	22.2	25.3	30.3	35.6

Clothing and footwear	2.6
Milk	2.6
Transportation and communications	3.1

Despite the major jump in prices that occurred during the last months of the year, one can say that inflation was controlled quite successfully for the year of 1993. Experts have projected this year's level to be between 20 and 25 percent. Compared to countries with strong economies, this growth is rather large, of course, but the increase rate for the cost of living will not start coming down until most of the basic prices have become compatible with those of the neighboring countries. Naturally, the rate of price increases should not exceed the population's ability to pay.

## LATVIA

### Statistics on Citizens, Foreigners in Latvia

944K0672A Riga *DIYENA* in Russian 26 Jan 94 p 4

[Article by Elmar Vebere, doctor of philosophy and Viesturs Pauls Karnups, member of Saeima: "The Foreigner Problem"]

[Text] The central databank of the Register of Residents summarized data on 2,410,763 residents, i.e. on 97.9 percent of individuals included in the initial registration.

Discussions concerning the law on citizenship and the status of foreigners in Latvia, which remains undetermined, are continuing in Latvia. Various opinions and evaluations could be better substantiated if political workers and the interested parties had a better knowledge of the actual situation. Data of the Register of Residents, which is currently being summarized in a centralized databank, will be indispensable in a future determination of the actual situation. Even though this data is not yet absolutely precise, inasmuch as it has not been qualified and verified, it can, however, already be used in political, economic, social, and cultural life.

At present the Register of Residents lists 2,462,196 individuals. According to data of the State Committee on Statistics 2,566,000 persons lived in Latvia at the start of 1994. Consequently 96 percent of the residents were

are Latvians, and about 4 percent are foreigners, because they were on active duty in the Soviet army and are now receiving a pension from Russia.

It is understandable that the Register of Residents is being ignored by a large number of those military personnel who were discharged and are getting a pension from Russia. The total number of such individuals may reach 70,000, or 2.7 percent of the Latvian population. It is likewise not known what number of citizens of Russia residing in Latvia have registered with the Register of Residents. Finally, those who intend to leave Latvia in the immediate or distant future are attempting to circumvent the Register of Residents. In 1993 the migratory balance (the difference between those arriving and those departing) amounted to 28,000 people. That is considerably less than in 1992 when the migratory balance came to 47,200. As commonly known in 1991 that balance constituted 11,200 persons.

The central databank of the Register of Residents summarized data on 2,410,763 residents, i.e. on 97.9 percent of individuals covered in the initial registration. A more detailed analysis of this data is given below.

### Citizens

Some 71.4 percent or 1,720,302 persons of those included in the databank are citizens of the Latvian Republic. As commonly known those who held the citizenship of the Latvian Republic prior to 17 June 1940 and their descendants are citizens of the Latvian Republic. Consequently after registering with the Register of Residents it is possible to become a citizen of the Latvian Republic also if only one of the parents is a citizen of the Latvian Republic.

A total of 432,200 citizens of Latvia live in Riga, 453,300 in Vidzeme, 319,200 in Latgale, 242,900 in Kurzeme, and 272,600 in Zemgale, while in cities like Jurmala there are 33,600 citizens, in Liepaja—47,700 citizens, and in Daugavpils—72,300 citizens.

Both parents of 1,309,500 (71.1 percent) of the Latvian citizens hold Latvian citizenship. In Riga there are 312,400 (72.3 percent) such persons, 357,700 (78.9 percent) in Vidzeme, 228,600 (71.6 percent) in Latgale, 196,800 (81.0 percent) in Kurzeme, 213,900 (78.5 percent) in Zemgale, 21,000 (62.5 percent) in Jurmala, 38,200 (80.1 percent) in Liepaja, and 47,800 (66.1 percent) in

Daugavpils. There are less than 60 percent of such citizens in the city of Rēzekne, 50.3 percent in the Rēzekne Rayon and 59.7 percent in Gulbene Rayon.

Some 135,000 individuals (7.9 percent of the total number of citizens of the Latvian Republic) received citizenship on their maternal side. In Riga there are 52,700 such persons (12.2 percent of the citizens of the Latvian Republic living in Riga).

A total of 114,100 persons (6.6 percent) received citizenship on their paternal side. In Riga—39,400 (9.1 percent).

As we can see more people obtained citizenship on their maternal side than on the paternal side. This is apparently explained by the fact that women enter into mixed marriages more frequently than men, as a result of which the probability of them marrying foreigners increases. It is likewise necessary to take into account the fact that the specific share of women in the population of Latvia is higher than that of men.

In addition to that 101,900 individuals (5.9 percent of citizens of the Latvian Republic) received citizenship on their maternal side without indication of the father's citizenship. The same applies to 22,600 (1.3 percent) of the citizens of the Latvian Republic who obtained citizenship on the paternal side without an indication of the mother's citizenship.

As commonly known, in accordance with the terminology of the Register of Residents those foreigners who are not citizens of Latvia and have a permanent residence permit in Latvia are registered as former citizens of the USSR in the initial registration.

In the case of some of those registered, as already mentioned, the citizenship of the parents is not mentioned. In individual cases the citizenship of the parents may truly be unknown, for instance, in the case of elderly people who received citizenship of the Latvian state in the first years of its existence, the citizenship of whose parents has not been determined.

#### Foreigners

A total of 690,461 persons (28.6 percent of those in the databank) are foreigners, or, in other words, residents of

Latvia who are not citizens of the Latvian Republic. In the case of 634,000 of them neither the father nor the mother are citizens of the Latvian Republic. For the remainder the citizenship of either the father or the mother or of both parents is not indicated.

Most of the foreigners consist of citizens of the USSR who entered Latvia illegally during the years of occupation. But they are not the only ones. The number of foreigners is also supplemented by Letts who returned to Latvia (most often from Russia) and in accordance with the existing law on citizenship are not citizens of the Latvian Republic.

Their number totals 22,031. It is possible that there may be more of them inasmuch as during Stalinist times as well as subsequently, some of the Russian Letts became "Russians" (according to passport entry) even though they consider themselves to be Letts.

In addition to that the category of foreigners includes Polish and Lithuanian agricultural workers, who entered Latvia legally before the war and have lived here all of those years, as well as their descendants.

Some 446,600 (67.6 percent) of the foreigners entered Latvia from some other country, most from Russia, Ukraine, and Belarus, while 223,900 (32.4 percent) of the foreigners were born in Latvia. Fifty percent of the foreigners born in Latvia were born in Riga.

During the occupation 9,800 persons on the average entered Latvia every year and remained living here. The greatest influx of foreigners into Latvia took place in 1946 (11,950), 1947 (11,500), 1960 (11,750), 1961 (11,200) and 1973 (10,730). It is characteristic that in 1957, 1958, and 1959 the number of those who arrived (and those who stayed) is smaller than in 1956, while in 1960 that index again showed a sharp increase. Those who are presently "heroically" reprimanding E. Berkiavs should give some thought to the reason for that phenomenon.

Some 337,200 foreigners, which comes to 48.8 percent of their total number in Latvia, live in Riga.

Most of the foreigners wish to obtain citizenship of the Latvian state. It is characteristic that Latvian citizenship is most often desired by those foreigners who came here and not by those born here.

Citizens of the Latvian Republic and Foreigners in Cities and Rayons of Latvia (Thousands)

	Citizens	Citizens both of whose parents are citizens of the Latvian Republic	Foreigners	Total
Latvia	1,720.3	1,309.3	690.5	2,410.8
Riga	432.3	312.4	337.2	769.3
Taurel Rayon	30.7	23.6	16.9	47.8
Kurzeme Rayon	70.3	50.0	73.8	143.8
Latgale Suburb	114.8	78.3	91.1	203.9
Vidzeme Suburb	108.8	84.1	73.9	184.7
Zemgale Suburb	59.2	43.8	42.4	101.6
Elzeme Rayon	48.5	32.3	37.3	65.8



Citizens of the Latvian Republic and Foreigners in Cities and Rayons of Latvia (Thousands) (Continued)

	Citizens	Citizens both of whom parents are citizens of the Latvian Republic	Foreigners	Total
Kurmene:	242.9	196.8	79.0	321.9
Liepaja Rayon	42.6	35.0	4.7	47.3
Liepaja	47.7	38.0	43.8	93.5
Kuldiga Rayon	36.0	30.7	2.8	39.6
Saldus Rayon	32.4	25.9	4.1	36.5
Talsi Rayon	47.7	38.0	2.8	50.4
Ventspils (including the rayon)	36.5	29.0	16.9	53.4
Latgale:	319.2	238.5	82.0	401.2
Salvi Rayon	31.3	23.7	2.6	33.8
Daugavpils Rayon	34.0	26.7	6.9	42.9
Daugavpils	72.3	47.6	44.1	116.4
Kraslava Rayon	32.3	23.7	7.7	40.0
Ludza Rayon	34.6	29.2	4.7	39.5
Frykl Rayon	40.6	34.3	4.0	44.9
Rauksna (including the rayon)	73.8	57.1	9.9	83.7
Vidzeme:	453.3	357.8	186.2	599.5
Aluksne Rayon	24.6	21.2	2.5	27.1
Talsi Rayon	53.5	44.7	7.8	61.3
Gulbene Rayon	26.8	16.0	2.9	29.7
Limbuzi Rayon	37.0	30.4	4.2	41.2
Madona Rayon	44.9	39.6	2.4	48.3
Ogre Rayon	51.2	42.5	11.1	62.3
Riga Rayon	99.8	73.6	37.9	137.7
Jurmala	33.6	21.0	19.4	53.0
Valmiera Rayon	29.7	24.7	7.3	37.0
Valmiera Rayon	52.4	42.1	9.8	62.1
Zemgale:	272.6	213.7	86.1	356.7
Aykrakleiki Rayon	36.2	29.6	7.3	43.3
Dobele Rayon	30.5	23.5	10.0	40.4
Yelgava (including the rayon)	55.9	52.6	36.2	105.1
Yelavpils Rayon	46.7	38.1	11.4	60.1
Tukums Rayon	48.0	40.9	7.4	55.4

Analysis of data from the Register of Residents indicates that the foreigner problem is actually a "matter" facing Riga. There the share of foreigners is 43.8 percent. The problem is particularly acute in the Kurmene suburb where the share of foreigners amounts to 51.2 percent. The share of foreigners, however, does not exceed 25 percent in any of the krays of Latvia—Kurmene, Latgale, Vidzeme, Zemgale.

Naturally, if we study separate data on citizens of the Latvian Republic and foreigners by electoral districts, it will turn out that, as anticipated, the foreigner problem is also a problem in the largest cities of Latvia. At Liepaja, for instance the share of foreigners comprises 49.0 percent, in Daugavpils—37.9 percent, in Jurmala—36.6 percent, in

Yelgava (including the rayon)—34.4 percent, in Ventspils (including the rayon)—31.7 percent, and in the Riga Rayon—27.5 percent. At the same time the smallest share of foreigners is in the Talsi Rayon—55.6 percent, the Madona Rayon—7.0 percent, the Kuldiga Rayon—7.2 percent, the Salvi Rayon—8.0 percent, the Frykl Rayon—8.9 percent, the Aluksne Rayon—9.2 percent, the Gulbene Rayon—9.0 percent, and in the Liepaja Rayon—9.9 percent. In all of the other rayons the share of foreigners exceeds 10 percent. In Zemgale there is not a single rayon where the share of foreigners is less than 10 percent.

Cited below is a survey of the largest groups of citizens of the Latvian Republic and foreigners and their distribution by nationality.

Distribution of Citizens of the Latvian Republic and  
Foreigners by Nationality

Nationality	Citizens	Foreigners	Total
Latvians	1,595,299	22,031	1,577,260
Russians	278,087	444,390	722,480
Poles	20,323	24,040	42,363
Belarusians	20,453	82,840	103,294
Lithuanians	7,042	26,206	33,248
Jews	6,658	8,074	14,732
Gypsies	6,146	673	6,819
Ukrainians	3,929	20,253	24,182
Estonians	1,509	1,546	3,055
Germans	926	2,436	3,362
Armenians	277	1,917	2,194
Livonians	179	1	180
Others	1,702	16,196	17,898

Virtually all of the Livonians living in Latvia are citizens of the Latvian Republic along with 98.4 percent of the Latvians, followed by Gypsies—90.1 percent, Poles—61.4 percent, Estonians—45.5 percent, Jews—45.1 percent, Russians—38.5 percent, Germans—26.0 percent, Lithuanians—21.2 percent, Belarusians—19.8 percent, Armenians—12.6 percent, and Ukrainians—6.2 percent. The overall share of citizens of the Latvian Republic among Ukrainians and Armenians is rather low for the reason that they are not historical national groups in Latvia. The same can also be said about Tatars whose overall number totals 3,200 individuals with a 95.5 percent share of foreigners.

The centralized databank has not yet provided information on the national composition of krais and rayons of Latvia. If such data is obtained, along with information on the composition of citizens and foreigners in each district and city, that will make it possible to work out naturalization tactics for each kray and city of Latvia in accordance with the interests of Latvia and citizens of the Latvian

could have become the final toll for the Latvia's independence, but which in its essence is only evident in the consequences of the poverty of the state security system.

"We have a lot of spying,

and enough information, but analysis and systematization are limping along, and therefore it is not clear what such security service may and may not do," is the way one Russian deputy characterized the situation.

Right now Latvia has been taken over by a spy mania and not without cause. A broad spectrum of security organizations have been established, which actively participate in intelligence. We can divide them into three large, "stronger" groups, of which only one would include state institutions. First of all, espionage is a criminal method for gathering information and includes with it qualitative analytical and systematization work. Secondly, growing and powerful businesses are particularly concerned for their security, for any firm often feels threatened by both organized crime and by the power of the state. That has caused the establishment of their own private security systems, whose job quality is sufficiently high. Many KGB information gathering specialists have gone to firms engaged in such activities. Professionals from the former KGB have their own agency, their own information gathering channels, possibly even connections with the former Soviet, now the Russian intelligence service residence in Latvia, with their "end" in Moscow. The outflow of professionals encourages an overload of work, incomparably low salaries and uncertainty for the future. Businesses can pay adequately for this work, which requires a near-exhausting intellectual and physical regimen. At the same time, large sums of money are being offered to those who are potentially dangerous to state security agencies. From various sources it is known that for leaving one's job (that is, resigning one's current position) sums are being offered equal to five times one's annual salary, and this is only the beginning offer, which can be haggled over.

Business can afford (similar to the "informants") to give tremendous technical assurances, which the lean state

"den of Chetivats," which is illustrated by the seemingly professional picketers at the Interior Ministry entrance. While VESAD, according to many, is professionally more powerful, the Security Agency has always claimed to have a reputation for political reliability. It is not known whether one or the other conclusion is closer to reality, but this kind of parallelism causes dangerous instability which can be exploited by powers which are hostile to Latvia's independence.

The new espionage rules anticipate the establishment of four security organizations, which will have espionage powers: the Constitutional Defense Bureau, the Interior Ministry's Security Police, the Defense Ministry's Intelligence Service, and the Home Guard Headquarter's Information Service. I will not dwell particularly on the last two. The Home Guard's Information Service's functions are specific and completely narrow: tactical intelligence in time of operational activities and control over their personnel selection and activities (former or current connections with the Mafia, convictions and examination of other facts). It must be said that in this sense Latvia is a completely exotic land, for analogous intelligence agencies in volunteer people's militias, which the Home Guard actually is, are a completely unique occurrence in the world. The Defense Ministry's Intelligence Service is an institution of the Defense Ministry which carries out military intelligence. This service, too, has a unique sphere of work, in which, it seems, there could be no overt competition, even if the paths of the security organizations crossed.

Relations between the Constitutional Defense Bureau and the Interior Ministry's Security Police hold the promise of interesting developments. Both of these services are the only ones of the four with investigative authority; thus they distinguish themselves from the others (a unifying moment—all four have operational work functions).

#### VESAD Professionals Are Offended

The State Economic Security Defense Department

who has been raised in a holy relationship toward protection of information, the fact that someone will be able to rummage around in their safe causes fear. Have everyone decided for themselves between a liberal and totalitarian direction, stepping at their own individual point between two poles.

Latvia has no historical analogy to follow in these events. After the 1934 coup, when the power of the President was made absolute, the Political Administration (or political police), which was found in the Interior Ministry, was the only security agency and which was reviewed and controlled only by the President himself. In the Soviet era the KGB operated successfully, which was a state within a state and with outstanding information collection methods and unlimited authority gave rise to professional arrogance and a sense of power among those who worked there.

The Security Police may perceive the SAB (which does still exist per Cabinet of Ministers decree no. 28) as a potentially dangerous service, for it will be a service which they will not be able to examine, thus it is logical that professionals will not trust them, for among them there is no characteristic viewpoint that calling out to Western intelligence agencies is less reprehensible than a link with the KGB. Actually, this antipathy could be labeled with the inspired phrase *that is your problem*, if only talk were not of the more thorough dissemination of information to "their own" people in the government or Basima.

#### SAB: The Great Unknown

The proposed rules governing intelligence submitted by the Interior Ministry were coordinated by the Interior Ministry's parliamentary secretary Linards Mucins. His view is that SAB subordination makes for unreliability. SAB, the "umbrella organization" for the intelligence community, will be subordinated to the National Security Council (the President, Prime Minister, National Security Commission leader, etc.), not to the Cabinet of Ministers, which as the executive branch would always be forced to function only within the constraints of law, thereby not



The chief ones, it seems, are mutual fears of the opposing sides gaining overly great authority and potential. President or Prime Minister?

If the SAB cadres will really come from the current Security Agency, then in conditions of antagonism a [link/union] between the SAB and the Security Police will be completely problematic. That is why the aforementioned viewpoint about "fresh" cadres may be a step toward resolution.

To repeat this viewpoint in greater detail (how realistic it is can be decided by the experts): Professionalism should not be turned into a fetish; unhurriedly, slowly, this service can be established on a person at a time, accounting the analytical, tidying functions, keeping the internal intelligence of other services in the second plan.

Regardless, it will be interesting and meaningful to see who is nominated to be the bureau's director and what will be his political sympathies.

The SAB is the child of the era of distrust. It could just as well be called the child of the era of consolidation, some might argue. Time will tell who will win; distrust or consolidation.

I completely acknowledge that this article will not satisfy any of the sides that are working with development of intelligence rules, but neutrality is like innocence: it can be lost only once. Let that be my wish to the still unborn child: the SAB.

**Current Status of Latvian Armed Forces Detailed**  
944K0684A Moscow IZVESTIYA in Russian 4 Feb 94  
p 5

[Article by Irina Litvinova, IZVESTIYA: "The Latvian Army: 'Green Beret' Experience Plus Soviet Training"]

[Text] The security of the state is becoming a priority for the government; Prime Minister of Latvia Valdis Birkavs has stated so. It has been announced that defense expenditures will be increased, despite the runaway budget deficit.

Latvian military men are happy. So far the organizational development of the armed forces has been sputtering for strictly financial reasons. To be sure, helpers have come

continuous assistance. This includes consultations, material, and monetary subsidies. The Americans are sympathetic: A military delegation has just visited Latvia.

In the words of Latvian Minister of Defense Valdis Pavlovskis, a report has been submitted to the National Defense Council analyzing where a military threat to Latvia may originate. The content of the report is not yet known. Meanwhile, newspapers have been writing about Russia in a harsh tone, shaping their own concept of a possible threat and potential enemy.

According to the Constitution, President Guntis Ulmanis, commander in chief of the Defense Forces of Latvia, also heads the National Security Council. But, of course, the Ministry of Defense plays first fiddle. Latvian military commanders in the upper echelon combine the experience of "green berets" and participation in the war in Afghanistan; at issue are both the minister of defense and the commander of the Defense Forces.

Current Minister of Defense Valdis Pavlovskis (who turns 60 this year) is a civilian. However, he has decent combat experience: He reached the rank of captain in the U.S. Marines. He commanded a "green beret" unit in Vietnam. As he told journalists, he "taught guerrilla tactics" at an officer academy in the United States.

Valdis Pavlovskis speaks Latvian with a slight accent: He was born in Riga, but spent his entire life in emigration. Pavlovskis was active in organizations coming out against the occupation of Latvia by Soviet troops. He returned to the republic during the national renaissance period and soon took the position of deputy of Talavs Jundris, the first minister of defense of independent Latvia. Jundris, one of the activists of the People's Front, now heads the Baltic Center for Strategic Research. Valdis Pavlovskis was elected a deputy in elections to the Saeima (parliament) this summer on the ticket of the governing party The Latvian Way.

In an interview Pavlovskis complained that Balts abroad have had to make a great effort to explain to the world why the governments of Baltic countries did not even try to offer resistance to the Red Army in 1940. In the words of the minister of defense, if something similar recurs, we need to show to the world: We are capable of fighting for our freedom. Commander of the Defense Forces Dainis

focused on border guard formations. Rifle battalions within the country should assist them if necessary. However, the security concept and the defense plan which is now being developed will still change because literally the last few weeks have compelled many changes in the concepts of the Latvian military, who are inspired by the support of NATO specialists.

For now, Latvian military cadres are being trained mainly within the republic. The Academy of National Defense of Latvia is housed on the premises of the imeni Biryuzov School, one of the best in the former Union. The academy is headed by Valdis Matiss, likewise a former colonel of the Soviet Army. He headed a department at the imeni Frunze Academy. The current military attaché of Latvia in Russia, General Alkanis, headed the department of instruction at the same academy. Tactical intelligence is his specialty. Latvian officers are also invited to study abroad, but poor knowledge of foreign languages is an obstacle. Incidentally, the language problem also surfaced during joint exercises of the defense forces of the three Baltic states: In what language are commands to be given so that everybody would understand—not in the Russian language of occupation, really? The minister of defense of Latvia ordered that the system of commands and organization of communications adopted in NATO be mastered this year.

Only citizens of Latvia are drafted for service in its armed forces. However, some are not in a hurry to do their patriotic duty. They evade the daily round of the army and desert their units. Drinking and recruit hazing are flourishing. They have already become the reason for fatal accidents. Here, two border guards shot each other; there, a young guardian of the border, after firing at his comrade, went further away from the post and shot himself. The taunting of new recruits in a convoy regiment ended in tragedy: Young soldiers driven to despair by outrages in the unit decided to flee. Three Latvian guys tried to cross the border in order to hide out in Russia, but the Latvian border guards apprehended them. Some junior commanders were relieved from their positions following an inquiry. Incidents in the Defense Forces are dwarfed by the "glory" of the dashing "zemessardzes": loss of weapons, murders, drunken disorderliness. "Zemessardzes" ("militia," or literally "guards of the land") are a peculiar structure. "Patriots make up the militia"—this is how Girts Kristovskis, recently the militia chief of staff (currently minister of internal affairs) characterized his comrades. Activists of the People's Front and more radical organizations of that time became "zemessardzes." The trouble is that patriotism is no substitute for training and discipline. For a long time members of the militia in spotted camouflage smacked of "Makhno's guys" possessed by the national-patriotic idea. To be sure, attempts have been recently made to give them a more or less civilized appearance. At any rate, there are fewer scandals associated with these people, who are armed and very dangerous. Evaluating the year 1993 in an interview to the

was the first among the republics of the former Union to introduce alternative service, but soon gave it up: It was ineffective, and control was lacking. Labor service was introduced, but it is virtually defunct, too: There is unemployment in the state, and those who draw benefits for months do not have enough slots to use their energies. The Ministry of Defense has developed new rules for induction into the military service: It is envisioned reducing the number of categories of individuals ineligible for the draft. However, the plan is to reduce the duration of service to one year, with the exception of those who will have to master advanced material.

How many soldiers are there in the Latvian army? According to data from the newspaper NEATKARIGA CINA, at present the Defense Forces have 1,500 soldiers and 150 officers. Six hundred soldiers and 30 officers serve in the naval forces. At the border, 338,000 (as published) soldiers and 340 officers are in the service. The navy consists of 15 vessels (nine are on full readiness). The air force has two An-2 planes and two L-410's (one is in operation). There are six helicopters. The Latvian army has to date been using mainly former Soviet weapons. A batch of Czech assault rifles has been purchased. Head of the Cabinet of Ministers Valdis Birkavs stated that Latvia, like Estonia, intends to buy weapons from Israel.

Since the beginning of the year the armed forces of the three Baltic states have noticeably stepped up coordination of their actions. Preparations are underway for joint exercises of rifle companies; in February they will be held in Estonia, in July—in Lithuania, and in October—in Latvia. As Chairman of the Foreign Affairs Commission Aleksandrs Kirsins said, pooling their efforts will make it possible for the Baltic states to create a powerful echelon of defense against a potential aggressor.

#### Russian Officers Comment on Problems of Living in Latvia

944K06341 Riga DIENA in Latvian 14 Jan 94 p 4

[Interview with Colonel Aleksandr Starchenko, Russian Military Division Commander dislocated from Dobele, and the Assistant to the Commander, Lieutenant Colonel Vladimir Kramov, by Sarma Kocane: "Russians Are Very Patient People"]

[Text]

[Kocane] How does the Russian soldier in Latvia feel right now?

[Starchenko] In the past two to three years, the presence of our army here has been used for various political reasons. The same is occurring in Russia. But we are totally apolitical. Attempts are being made to convince the Latvians that we are aggressors. That is not our disposition. A situation of conflict occurred with Rucs and our

but I would like to say—thank God that everything turned out all right. Every soldier and every officer was happy about that.

[Krasnov] This only demonstrated that our army can be regulated. But your military units act without thinking, the way we used to say—"according to the revolutionary conscience". All right, so Ruce told them what to do. And then what? Didn't they themselves understand what could happen?

[Starchenko] And also—the fight against crime. Your military units have now been given unrestricted rights. I have my doubts about their loyalty when it comes to the Russian army. If we are being checked under the barrel of a gun, if we are threatened—this could very easily create another situation of conflict. Who is interested in causing this? Who has the right to search through my car and my pockets? Our foreign passports are considered illegal in Latvia. They are valid in all other countries, but for us to remain here, we are issued these little pieces of paper, real "walking papers". And this applies not only to us, but also to our wives and children! Written on these is—valid until December 31, 1993. A new year has started, and we are told—we are here illegally. We have to paste a red star in our car window, and we are even told where to paste it—at the spot where the most senior person sits. This looks like target practice—if this is where they will aim, I will certainly get hit. Mr. Upmalis decides how many and what sort of vehicles we are allowed to use! I tell him—I need fifty to supply my section, and he answers—you will make do with ten. He knows better than I do! He, himself, is a high ranking Soviet officer. But now, he looks at a person in a Russian military uniform with the same amount of animosity as he looks at a Russian with no uniform.

[Kocane] Speaking about the detained generals, you said that our military units do not consider what they are doing. Would you follow orders that were irrational?

[Krasnov] We learned in 1991. In such cases, we will only obey written orders. These cannot be turned around later on. The incident with Ruce—this once again confirms what patient people the Russians are. The Americans in our situation would have immediately taken action. Remember Panama!

[Kocane] Overall, how would you evaluate Russia's attitude towards Latvia, the Baltics and other former Soviet republics?

[Krasnov] Russia is the richest nation in Europe, but as you can see, we are still engaging in talks with you—as one equal with another. Naturally, we don't have to be doing that.

[Starchenko] Of course, during the Soviet era, life in Latvia and the other republics was better than in Russia. Have you thought about this?

[Krasnov] And if you also consider how rich Latvia is in natural resources and how many valuable mining products it has...

[Starchenko] It would be interesting to see your state's reaction if suddenly Russia were to say: all Latvians, Estonians, Lithuanians—march, back to your countries. We will no longer allow you to live here!

[Kocane] At present, what are the most difficult to resolve problems for your family members?

[Starchenko] Our wives are losing their jobs. All right, I understand that this is supposedly being done because they don't know the language. But there are cases where someone is not being let go, although he doesn't know a word of Latvian. This happens when you have a shortage of this type of specialist. We have specific examples. It would be interesting to know why the language law isn't being imposed in this case?

[Krasnov] The Latvian educational system spans 12 years, the Russian—11. My daughter is graduating from the eleventh grade, but if we move to Russia, she will have to repeat the eleventh grade. We asked permission for our children to be taught according to the Russian curriculum, at least in one school. We were not allowed. The Latvian language is now considered as the standard. However, its level of teaching is extremely low.

[Starchenko] I am an officer, and my family has been in Latvia for two years. Before this, we lived in Armenia. Now, I will probably end up in Estonia or Georgia. Will my children really be required to master all of these languages? My daughter is eleven years old. She goes to a store where they only speak Latvian to her. The child is unable to converse in Latvian, and she returns home without having bought anything. Animosity has been created between Latvian and Russian children. Has anyone considered how this has happened?

[Kocane] You said that your new place of relocation is Stragy Kraniye, which is located 60 kilometers from Pskov. What awaits you there?

[Starchenko] An empty field. A small village is located about 7 kilometers away. Maybe some will be able to rent rooms for their families. But at least 400 families from here are going. I have three children. If someone were to promise me a two room apartment, I would be very thankful. We are leaving behind here two apartments. Doesn't the Latvian government feel obligated to build something for us in their place? I am not asking for barracks, or garages, but only a place in which to put our families. Maybe also a small clinic, a little schoolhouse, and a bath house. What should we do? Live in tents with our children? Send our families to live with relatives? Many don't have any, others have relatives who live in hot spots—as for example, north Caucasus. Still others just don't have that much living space. Our children will have no place to study—the village has a school, but it is overfilled. There is no kindergarten. And it is self-evident—there is no work for our wives. What are our families guilty of?

[Krasnov] The Russian people did not suffer any less than other peoples during the Stalinist and stagnation years.



[Kocane] If you are the only providers for your families, are you able to support them on your salaries?

[Starchenko] Yes.

[Krasnov] We receive our salaries in Russian rubles and in late -the same as everywhere abroad.

[Starchenko] But, believe me, your late will not maintain its level for long. The stability of the late is only an illusion.

[Krasnov] We can support our families, but we are unable to buy apartments in Russia.

[Kocane] How many empty apartments are there in Dobele-1 and Dobele-2 right now, and what is happening with them?

[Krasnov] About 40% of the apartments are empty right now. We are not allowed to sell them. If a person comes and says—I have no place to live, our commander gives him an apartment.

[Starchenko] We could say—I won't give it to you—you are a Latvian—why do you speak Russian with an accent?

[Krasnov] Of course, the city board is not registering these people. Why is this so? Apparently the board is planning to hold an auction and then rip off these people three-fold.

[Kocane] What are your thoughts about the future of the Skrunda radar detection facility?

[Krasnov] This facility is necessary for the safety of Europe. I will say frankly—from there we can tell where a rocket or an atomic bomb has been fired. America has the same type of facility in Denmark. If the Skrunda facility is dismantled, half of Europe will remain without surveillance. We should think about security in general! Skrunda is better insurance for Latvia's security than all of your armed forces. Do you have such a large army? If you consider Russia to be your major enemy, then, even if all of Latvia's inhabitants are armed, you will not be able to stand up against our army!

[Starchenko] Skrunda is also needed by Latvia, but for your government, the principle is more important.

[Krasnov] The same thing happened at the end of the nineteen eighties, when many enterprises were closed, supposedly because of ecological reasons. It is now known that this was purely a political move. And Skrunda is also a political move. You shouldn't be afraid of it. Intelligent and rational people are employed there. You certainly don't have any such specialists to operate this radar facility. Dismantle it? With what funds? You already have a budget deficit. I think that—what is needed here is, for instance, NATO as an impartial party to decide—whether to leave the Skrunda radar facility or not. Otherwise, I doubt whether both of our sides will be able to come to an agreement.

[Kocane] What is your opinion of the election results in Russia?

[Krasnov] You are probably asking about Zhirinovskiy. Luckily, there were his latest comments—about the Japanese blockade and changing presidents in Bulgaria, and so

forth. No one takes him seriously anymore. This is just a comedy. Naturally, we should realize that there will be more of these Zhirinovskiy-types. In the present situation, we are creating them ourselves. However, it should be mentioned that the people don't trust Oaidar, either. People are sinking in poverty. I can speak highly of the government only after I have eaten. And also, a statesman's outward appearance is also important. Look at how the American President looks. What a stance he had!

No matter what—we only want one thing. That is for our army to be kept out of any involvements. We only want peace.

## LITHUANIA

### Lithuanian CP Proposes Measures for Saving Republic From Crisis

94K06784 Vilnius LETUVOS RITAS in Russian  
No 2, 14-21 Jan 94 p 1

[Article by Edmundas Ganasauskas: "The January Theses of M. Burokevicius for the Prime Minister of Lithuania"]

[Text] "We hereby forward proposals of the Central Committee of the Communist Party of Lithuania for measures to overcome the crisis in the republic. The Communists of Lithuania will duly facilitate the implementation of these proposals for the benefit of the working people. Respectfully yours..."—these are the words opening a letter from... Mikolas Burokevicius to Prime Minister of Lithuania A. Bezvicius on the occasion of the third anniversary of 13 January.

The document of the Communists narrates: "The renewal and development of the Communist Party of Lithuania in the republic. It is necessary to restore in Lithuania the political power of the working people as represented by the soviets; while implementing democracy consistently, to restore the national economy and develop production; and to radically improve the standard of living of the people." It is indicated in what manner the improvement in the standard of living of the population is to be achieved: "To undertake initiatives aimed at urgently convening a conference of the heads of governments of all or most of the former Soviet republics."

Having generously shared wise ideas with the head of the Government of Lithuania, M. Burokevicius completes his program for overcoming the crisis with the demand "to cancel the ban on the activities of the Communist Party and stop the judicial persecution of it, political blackmail, and moral terror against Communists."

During the days of the restoration congress of the Communist Party of the Soviet Union, which was held in April of last year, the leader of the Lithuanian Communists, who was elected to the Central Committee and was in hiding outside of Lithuania, responded to questions from LETUVOS RITAS correspondent V. Bartuskevicius. He boasted of having restored the entire party structure: "Even our secretariat operates in Lithuania."



Last year a few issues of the newspaper TARIBU LIETUVA (Soviet Lithuania) in the Lithuanian and Russian languages were published in neighboring Belarus. The headlines were "Awaken Those Who Sleep" and "Resistance Will Grow." The text was not short on propaganda, either: "It is necessary to go to the inactive, passive trade unions. In instances where it is impossible to bring them to life, new trade unions should be created.... to engage in picketing, to prepare petitions.... Occupation strikes during which workers seize plants are particularly effective."

It appears that at all times, occupation was the guarantee of the accomplishments of the Communist Party. During these days Lithuania is honoring the victims of one of the breaches in the occupation.

#### Linkевичius on Reorganization of National Volunteer Defense Service

944K0678B Vilnius LETUVOS RITAS in Russian  
No 2, 14-21 Jan 94 p 5

[Article by Kestutis Jurskis: "Minister of National Defense Beats Back Attacks of the Opposition"]

[Text] Minister of National Defense L. Linkевичius met with representatives of the parliamentary opposition.

Referring to practical endeavors which may be accomplished prior to the adoption of a military doctrine and national security concept, L. Linkевичius stressed that it is necessary to begin to actually control the borders and airspace of Lithuania. The minister said: "We should make our contribution to the system of collective security because so far we have to a certain degree been dependents." He did not reject the likelihood of military formations from Lithuania taking part in a UN peacekeeping mission, or the need for young men in service with the army to not only take weapons and drill training but to also study the English language.

Outlining his view of the reorganization of the DSOK [National Volunteer Defense Service], L. Linkевичius said that the reorganization does not amount to elimination of the DSOK, and that under the current conditions this structure could perform the functions of a volunteer national guard and assume responsibility for territorial defense and security for important state facilities. In the opinion of L. Linkевичius, from now on only those who have been in active military service, have been recommended by their commanders, and have impeccable biographies should be volunteers.

Seimas member P. Tupikas asked whether L. Linkевичius feels morally responsible for the fact that the Lithuanian Democratic Labor Party, while in opposition, hampered A. Butkevicius in creating a system of national defense, compromised it in every way possible, and papers were endlessly slipped to A. Brazauskas in the Supreme Council. L. Linkевичius answered that he did not engage in these affairs.

Seimas member A. Patackas said that "volunteers are being separated from their weapons," which only staff

employees will be trusted with keeping. Such employees are few; for this reason, at many locations weapons are kept solely at command posts. In the words of A. Patackas, in this situation the main principle is violated: "A volunteer should always have his weapon handy."

A. Patackas expressed concern in conjunction with the fact that a structural reorganization is also being planned after the certification of volunteers in the course of which, according to his information, they rejected the services of at least one-third of the volunteers. The member of Seimas called on the minister to remember that volunteers are a patriotic force, too; in turn, the minister observed that patriotism is not a profession, and genuine patriots cannot compromise the DSOK.

Minister of National Defense L. Linkевичius said that weapons should be stored strictly in keeping with the rules. The argument that the volunteers might need armaments at any moment in order to repulse enemy attacks did not convince him. L. Linkевичius said: "We do not have this kind of situation now," and repeated yet again that weapons are not toys.

The minister rejected rebukes that he did not demand allocation of more funds from the 1994 budget for the system of national defense. The minister of defense said: "Being a member of the government, I cannot fail to think about education and health care, too." In the words of L. Linkевичius, there will be sufficient funds for military training; however, it may become necessary to reduce the army.

#### Seimas Economics Committee Member Evaluates 1994 State Budget

944K0677A Vilnius VALSTIECIU LAIKRASTIS  
in Lithuanian 15 Jan 94 p 7

[Interview with Professor Kazimieras Antanavicius, member of the Seimas Economics Committee, by VALSTIECIU LAIKRASTIS correspondent Juozas Kulakauskas; place and date not given: "What Does the 1994 Budget Hold in Store?"]

[Text] With a majority voting in favor, the Seimas approved the 1994 state budget on New Year's Eve. Opposition representatives gave a negative evaluation of the new budget, saying that it is socially unfair and a sham. We talked about the new budget with Seimas Economics Committee member Professor Kazimieras Antanavicius.

[Kulakauskas] Perhaps you would compare for us this year's budget to last year's with respect to our economic development. Are there signs in the budget that our country's economy has stabilized or moved forward by at least a little bit?

[Antanavicius] It is possible to compare the situation in this regard, and it should be done. And a reply to your question can be given after analyzing sources of revenue and changes in production. Data from the economics and finance ministries indicate that the gross domestic product for production, especially in agriculture, will be the same in 1994 as it was in 1993. But in real prices, the gross

dropped by 12 percent and will continue only a small increase in 1994. So one cannot speak of any kind of improvement in the economy.

Despite the fact that there is no economic upswing, revenues and outlays are being increased and will approximately double in 1994. Since there is a drop in production and stagnation, this means that revenues can only be increased when taxes are continually increased for the inhabitants. And the leadership, unfortunately, is going down this road. Although a majority of inhabitants already finds itself below the poverty level, the leadership keeps coming up with new taxes: for income, for resurveying land, for documents specifying the organization of land exploitation (land cadastres), various certificates, excises, etc. And all this is being done at a time when state enterprises are not settling accounts in time with rural inhabitants for agricultural production that has been delivered, and when limits are being set on the purchase of this production. This is simple robbery, and the reason it is becoming impossible to live in Lithuania.

There can be two kinds of robbers in the country: those outside the scope of the law and those government officials who cloak themselves in the law. Even if the people can avoid the former by fleeing or by defending themselves, they are powerless against the latter. Groundless taxes smother the desire of the people to work better, ruin production and the entire economy, increase people's dissatisfaction and the social tension in the country.

[Kulakauskas] How do you assess the proportions foreseen in the budget for financing the fields of economics and social matters? Is it right, for example, that the amount of funding being earmarked for maintaining the country's government apparatus is greater than that earmarked for culture and education, and almost as much as is being set aside for agriculture, health care, and social concerns?

[Antanavicius] Unfortunately, we still have a very long way to go until we arrive at intelligent proportions. U.S. President B. Clinton—who was elected a year ago—and his administration started their work by looking for ways to decrease the funds used for governing the country. French president F. Mitterrand is undertaking to do the same thing towards the end of his term of office. But I—having already spent several years in the highest institution of our government—have never heard the verb “to save”.

This year, expenditures for governing the country are being increased approximately twice as much as those for other areas. This means that official plans call for appropriating 9 percent of budget funds in 1994—and in fact this is about 12 percent—to expand and maintain the government apparatus. In Latvia, meanwhile, 6 percent is being earmarked for this purpose, and in Estonia, Sweden, Norway, and Austria, the total is about 5 percent. And the latter three countries are markedly richer than Lithuania. It is incomprehensible how the government cannot see the

question arises: whom does such a government represent—society, or only itself?

[Kulakauskas] How do you assess the agricultural policy that the LDDP is implementing now? Is sufficient attention paid in the budget to agricultural financing?

[Antanavicius] So far there is no normal agricultural policy at all. Lithuania is not going to be able to establish a market agricultural economy without government subsidies, because farmers will not have the funds for farm machinery, fertilizers, or the construction of farm buildings. Unless it has government support, the Lithuanian farm will remain a source of sustenance only for the elderly people living there, because the production of agricultural products will continue to fall.

There was talk in the LDDP's election program about state support for agriculture, but that has now been forgotten. In the spring of last year, for example, funds earmarked for farm subsidies were transformed into credits, without giving thought to how the farmers would be able to repay those credits if the state itself does not pay them on time for the products they have produced and delivered and if the state cannot force state enterprises to settle accounts on time with the people. What kind of government is this?

On the other hand, the state is obliged to foresee in the budget not only funds to support agriculture, but also to provide sufficient notice as to what kind of agricultural production it intends to buy up, and in what quantities, so that the people would know that their labor will not be for naught. The state should help the farmers venture into foreign markets. Unfortunately, no one is worrying about this and the farmers, especially those who have recently begun to farm on their own land, are left to the whims of fate.

Also, there is one clause in the budget which states that subsidies, i.e. support, will be provided to the farm by decreasing agricultural taxes. In other words, the people will be “supported” by the money in their own pockets. This is real derision. Given this kind of government policy, one just wants to shout out to the farmers: “Work only as much as is necessary to satisfy your own needs and those of your relatives, because if you produce any more production, you will only have more worries, and possibly losses as well!”

[Kulakauskas] How do you evaluate the ongoing argument between the government and the opposition on the indexing of people's deposits?

[Antanavicius] Deposits have to be indexed. This should have been done quite a bit earlier, when the litas was introduced. I had prepared a draft of a law dealing with this and proposed it to the Seimas, but the majority in Seimas did not take it into consideration, as they also did not take into consideration many intelligent suggestions for better preparing the 1994 budget.

[Kulakauskas] Do you have any regrets about withdrawing from the post of chairman of the Seimas Economics Committee?

[Antanavicius] I don't, because to remain in this position would mean being responsible for the entirety of economic policy, and it is morally unjustifiable and inexpedient to be responsible for a policy with which one does not agree and which one has no possibilities to change.

### Statistics Show Increasing Crime Rates for Cities, Rural Areas

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[Unsigned article: "'The Market' of Crimes in the Baltic Countries is Overloaded—60,378 Crimes Were Recorded in Lithuania Last Year"]

[Text] In 1992, they were fewer by 6.6 percent. On the average, there were 160.9 crimes for every 10,000 inhabitants of the country (150.5 two years ago). This index makes the situation in Lithuania appear somewhat milder than in Latvia (184.8) and Estonia (232.4), however, the absolute number of crimes in the neighboring countries is decreasing (14.8 and 9.9 percent, respectively). One should at least be glad that the pace of the increase of crimes in Lithuania has slowed down as many as four times since the beginning of the year.

The analysis of criminality has revealed one more trend—its increase during 1992-1993 was determined not by the country's seven largest cities, as previously, but by the provinces. The sharpest rise in the number of crimes was seen in the districts of Visaginas (148.1 percent), Radviliškis (54.7 percent), Šalčininkai (40.7 percent), Raseiniai (38.9 percent), Lazdijai (31.1 percent). The highest level of criminality exists in the Panevėžys district (297.7 crimes for every 10,000 inhabitants), in the city and district of Klaipėda (236.5 and 260.8 percent, respectively), and in the districts of Šilutė (219.7), Kedainiai (214.9), Pasvalys (212.4), and Lazdijai (208.1), while the national average is 160.9. According to this index, the inhabitants of Ignalina (40.5), Švenčionys (78.6), Trakai (84.9), and Telšiai (91.1) should feel the safest of all.

The Rates of Increase in Criminality	The Percent Increase as Compared With the Same Period in 1992
01	40.9
02	29.8
03	28.8
04	28.2
05	24.5
06	24.2
07	23.3
08	21.1
09	16.8
10	14.3
11	10.7
12	6.6

One more trend is the increase in the specific gravity of serious crimes. Six thousand two hundred ten such crimes were committed last year (37.5 percent more than in 1992), an average of 630 a month. Every eighth crime is violence directed against an individual (14.1 percent in 1992). The number of such crimes has increased by 21.4 percent last year. Murderers were particularly active: 75 deliberate murders or attempts at murder were registered during the first quarter of the year, while during the last quarter the number jumped to 157. About one fifth of all grave violent crimes are committed by using firearms and explosives. Last year the police have recorded 416 deliberate murders (36.4 percent more than in 1992), 64 (or 73 percent more) attempts at murder, 196 (2.6 percent more) rapes, and 344 (0.6 percent fewer) deliberate bodily injuries.

Last year saw a marked decline in the secret character of the coercive actions against property—this is primarily linked with preventive detention and the confidentiality accorded to witnesses. Established cases of racketeering have gone up from 44 to 234—more than five times. This crime has victimized mainly the inhabitants of the cities and districts of Vilnius (18 percent of all the coercive actions against property), Kaunas (10 percent), and Šiauliai (7 percent).

Crimes against property constituted the main share of all crimes (79.2 percent); thefts comprised 96.1 percent of them. The portion of thefts involving state property has declined from 29 to 24.8 percent (apparently, because of privatization), but theft of private property has increased by 9.2 percent. Robberies of state property have increased almost one and a half times, and of individual property—by nearly one half. More than 70 statements by citizens on stolen automobiles or open thefts were received during the last three months of 1993 alone. Open thefts have gone up by one fourth; every 10th crime against private property was open robbery of citizens' property.

Eight hundred twenty cases of fraud were recorded last year—twice as many as in 1992. They were mostly activities related to non-existing tourism enterprises, fictional material services, purchases, sales, or currency transactions.

Three thousand sixty-seven economic crimes were exposed in 1993—one fifth more than the year before last. These crimes have increased so rapidly because of mass attempts to counterfeit currency. One thousand three hundred sixty-five counterfeit bank notes and coins valued at 32,193 litas were removed from circulation between the introduction of the litas and January 10 of this year.

Individuals who committed 38,177 criminal acts—or almost two thirds of recorded crimes—remained undiscovered or avoided punishment. One half of serious crimes remained unsolved—including every third serious bodily injury and malicious hooliganism, every fourth deliberate murder, every fifth attempt at murder, every sixth rape, every 10th assault on property. Seventeen thousand six hundred eighteen criminal cases were brought before the law (80 percent of cleared up crimes)—which is 3.2 percent more than last year. More than one fifth of the perpetrators of crimes had been tried before. They have committed 26.6 percent of all the uncovered crimes.



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